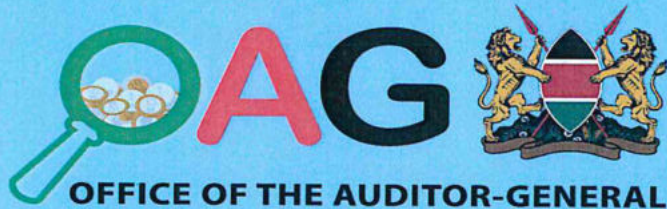



REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

 NATIONAL ASSEMBLY PAPERS (A/D)	
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**THE AUDITOR-GENERAL**

**ON**

**STATE DEPARTMENT FOR SOCIAL  
SECURITY AND PROTECTION**

**FOR THE YEAR ENDED  
30 JUNE, 2022**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY  
23 DEC 2022  
**RECEIVED**



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**MINISTRY OF LABOUR AND SOCIAL PROTECTION**  
**STATE DEPARTMENT FOR SOCIAL SECURITY AND PROTECTION,**

**ANNUAL REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2022**

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Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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## **1. Key State Department for Social Security And Protection Information and Management**

### **(a) Background information**

The State Department for Social Security and Protection was formed on 1/7/2016 at a Cabinet level. The State Department is represented by the Cabinet Secretary for Ministry of, Labour and Social Protection, who is responsible for the general policy and strategic direction of the State Department, to ensure that the Ministry's Vision and Mission are realised.

The f comprises of four technical directorates namely: Directorate of Children's Services, Directorate of Social Development, National Social Protection Secretariat (SPS) and Directorate of Social Assistance. It has three Semi-Autonomous Government Agencies (SAGAs) National Council for Persons with Disabilities (NCPWDs), Child Welfare Society of Kenya (CWSK) and National Council for Children Services (NCCS). The Trust Funds under the State Department include Street Families Rehabilitation Trust Fund (SFRTF) and National Assistance Trust Fund for Victims of Counter Trafficking.

### **Mandate**

The sub-sector mandate is derived from the Executive Order No. 1 of June 2018 (Revised) which include;

- Social Protection policy;
- Policy and programmes for Persons with Disabilities;
- Vocational Training and Rehabilitation of Persons with Disabilities;
- National Volunteerism Policy;
- Policy and programmes for Older Persons;
- Management of Statutory Children's Institutions;
- Community Development Policy;





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- Community Mobilization;
- Registration of Self Help groups;
- Protection and Advocacy of Needs of Persons with Disabilities;
- Social Assistance Programmes;
- Rehabilitation of Street Families;
- Family Protection Policy;
- Policies on Children and Social Development;
- Counter Trafficking in Persons;
- Children Welfare and Penal Protection; and
- Support for matrimonial and succession laws and policies.

**Kenya Vision 2030 Flagship Projects relevant to the State Department for Social Security and Protection**

The Kenya Vision 2030 identified two flagships which are relevant to the State Department for Social Security and Protection namely: -

- Establishment of a consolidated social protection fund for cash transfers to OVCs and the elderly; and
- Full implementation (including appropriate budgetary allocation) of the Disability Fund.

The Kenya Vision 2030 further identified the following strategies to be implemented alongside the flagships projects: -

- Enforce the Children Act, 2001 to eliminate child labour as well as other retrogressive practices causing vulnerabilities among children;
- Empower people with special needs to make them self-supporting;
- Enhance support to orphans and vulnerable children (OVCs) to reduce dependency;



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- Implementing policies that minimize the differences in income opportunities and access to social services across Kenya's geographical regions; and
- Increasing community participation in social-economic development.

**Vision and Mission of the State Department**

**Vision:** A society where communities are empowered and vulnerable groups enjoy equal rights, opportunities and a high quality of life.

**Mission:** To promote and coordinate community empowerment, care, participation, and protection of children, Persons with Disabilities and other vulnerable groups as an integral part of national development.

**(b) Key Management**

The State Department for Social Security and Protection's day-to-day management is under the following key organs:

1. Directorate Social Assistant Unit; (DSAU)
2. Directorate Children Services; (DCS)
3. Directorate of Social Development; (DSD)
4. National Social Protection Secretariat;(SPS)
5. Administration Department

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2022 and who had direct fiduciary responsibility were:



*State Department for Social Security and Protection  
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No.	Designation	Name
1	Accounting Officer	Joseph M. Motari - MBS
2	Secretary Children Services	Mr. Shem Nyakutu
3	Director Social Development.	Mr. Leslei Mugaka
4	Deputy Director Social Assistance	Mr. Judy Tudor
5	Secretary Administration	Samson P. Wangusi
6	National Social Protection Secretariat	Ms. Jane Muyanga
7	Chief Finance Officer	Mr. Kennedy Okeyo
8	Director Central Planning Unit	Mr. Nicholus Kitua

**(d) Fiduciary Oversight Arrangements**

- I. Budget Implementation Committees.
- II. Audit Committee.
- III. Medium Term Expenditure Framework Committee.
- IV. Medium Term Planning Committee.
- V. Sector Policies Committee.
- VI. Performance Contracting Committee.
- VII. Sustainable Development Goals Committee.
- VIII. Monitoring & Evaluating Committee.
- IX. Corruption Eradication Committee.
- X. Safety & Security Committee.



**(e) State Department for Social Security and Protection**

P.O. Box 46205-00100

NSSF Building

Bishop Road

Nairobi, KENYA

Telephone: (254) 2727980

E-mail: [Info@labour.go.ke](mailto:Info@labour.go.ke)

Website: [www.labour.go.ke](http://www.labour.go.ke)

**(f) State Department for Social Security and Protection Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Kenya Commercial Bank  
Kencom House  
P.O. Box 48400  
GPO-00100.  
Nairobi, Kenya
3. Co-operative Bank of Kenya  
Co-operative House  
Haile Selassie Avenue  
P.O. Box 74956-00200  
Nairobi, Kenya

**(g) Independent Auditors**

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084-00100

GPO 00100





*State Department for Social Security and Protection*  
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Nairobi, Kenya

**(h) Principal Legal Adviser**

The Attorney General

State Law Office

Haram bee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya.



## **2. Statement By The Cabinet Secretary**

Ministry of Public Service, Gender, Senior Citizen affairs and Special Programme through the State Department of Social Protection Senior Citizen and Affairs and Special Programme is mandated with the responsibility of ensuring implementation of chapter 4 of the constitution on bill of rights. The State Department hence plays a fundamental role in the direction to realization of the country's transformation agenda as advocated in Third Medium Term Plan (MTP) 2018-2022 of the Kenya Vision 2030, the Constitution and the 'Big Four' initiatives, which is anchored on the pillars of: increasing manufacturing; food and nutrition security for all; universal healthcare; and affordable housing for all. It further plays a role on Kenya's commitment to Sustainable Development Goals (SDGs), Africa's Agenda 2063 and relevant international conventions to which Kenya is a signatory. Social Protection sub-sector is gradually becoming critical in the development progression exclusively as the world in general and Kenya in particular face with the challenges of unemployment, vulnerability, poverty, pandemic like Covid-19 and inequalities.

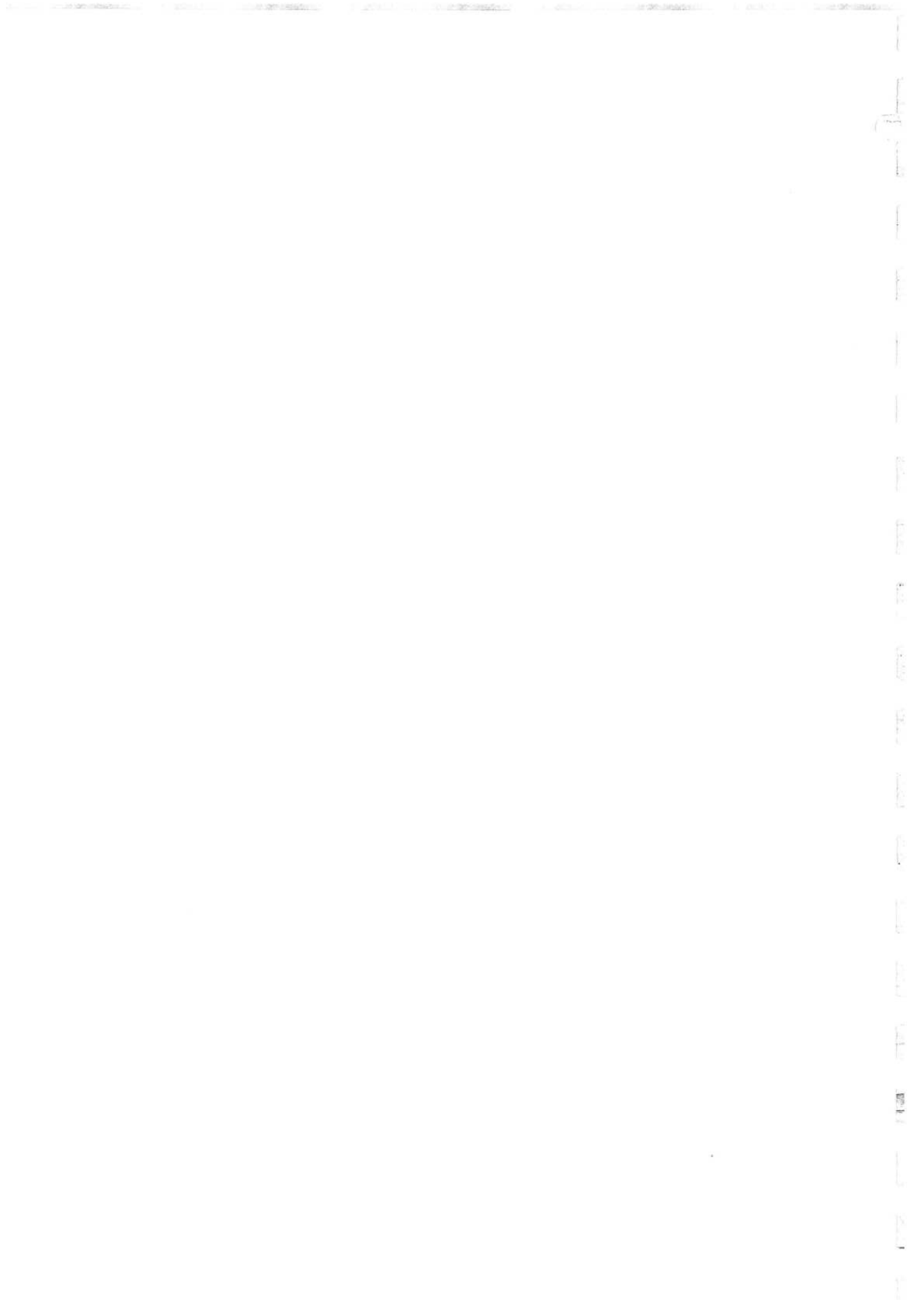
To implement the commitment, the State Department focus on improving the livelihoods of poor and vulnerable groups through Streamlining payment of cash transfers and management of Inua Jamii to older person's orphans, vulnerable children OVC and persons with severe disabilities PwSD, Consolidated Cash transfer programme CCTP data and enhancing transparency in registration, targeting and enrolment of beneficiaries. Distribute food and non- food items to beneficiaries in areas affected by drought and conflict

To realize and safeguard the rights and welfare of all children the State Department provide Prevention and protection of children from abuse, neglect, violence and exploitation enhancement of Child Protection Information Management Systems (CPIMS), Nutrition enhancement for children, Promotion of Alternative Family Care (AFC) services, Development and review of legislation, policies and programmes for care and protection of children and awareness creation on the rights and welfare of children

In addition the State Department provide Policy and Legislative framework on Social Development ,Strengthen systems for effective delivery of social development interventions, Strengthen capacity of communities for participation in Socio economic activities, Coordinate and manage volunteerism activities, Protection of rights and empowerment of Persons with Disability, Social welfare for older persons and family protection and Contribution to National Regional and International Obligations and protocols.

It further coordinate rescue, rehabilitation and reintegration of street families and development of policies and legislation on issues affecting street families.

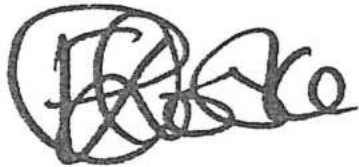
In order to improve coordination and linkages in delivery of social protection interventions by actors in Kenya the State Department Co-ordinate development and review of Social Protection policies, legal and institutional frameworks, Support development and improvement of Social Protection systems, facilitate development of Social Protection stakeholder networks, enhance awareness and



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capacity for increased uptake of SP services among contributory schemes and Promote sustainable financing options for social protection.

In conclusion, I wish to recognize the support and determinations of our partners and stakeholders in ensuring that the State Department programmes are effectively implemented. From our Social Partners, Development Partners, Government Ministries, Departments and Agencies (MDAs), Non-Governmental Organizations (NGOs), beneficiaries and the general public, your unrelenting support to this State Department is very much appreciated. The level of success in implementing the initiatives and programmes during the financial year is dependent upon strengthening the collaborations we have built over the years while forming new ones.

A handwritten signature in black ink, appearing to read 'Florence Bore', enclosed within a circular scribble.

**Hon Florence Bore**  
**CABINET SECRETARY**

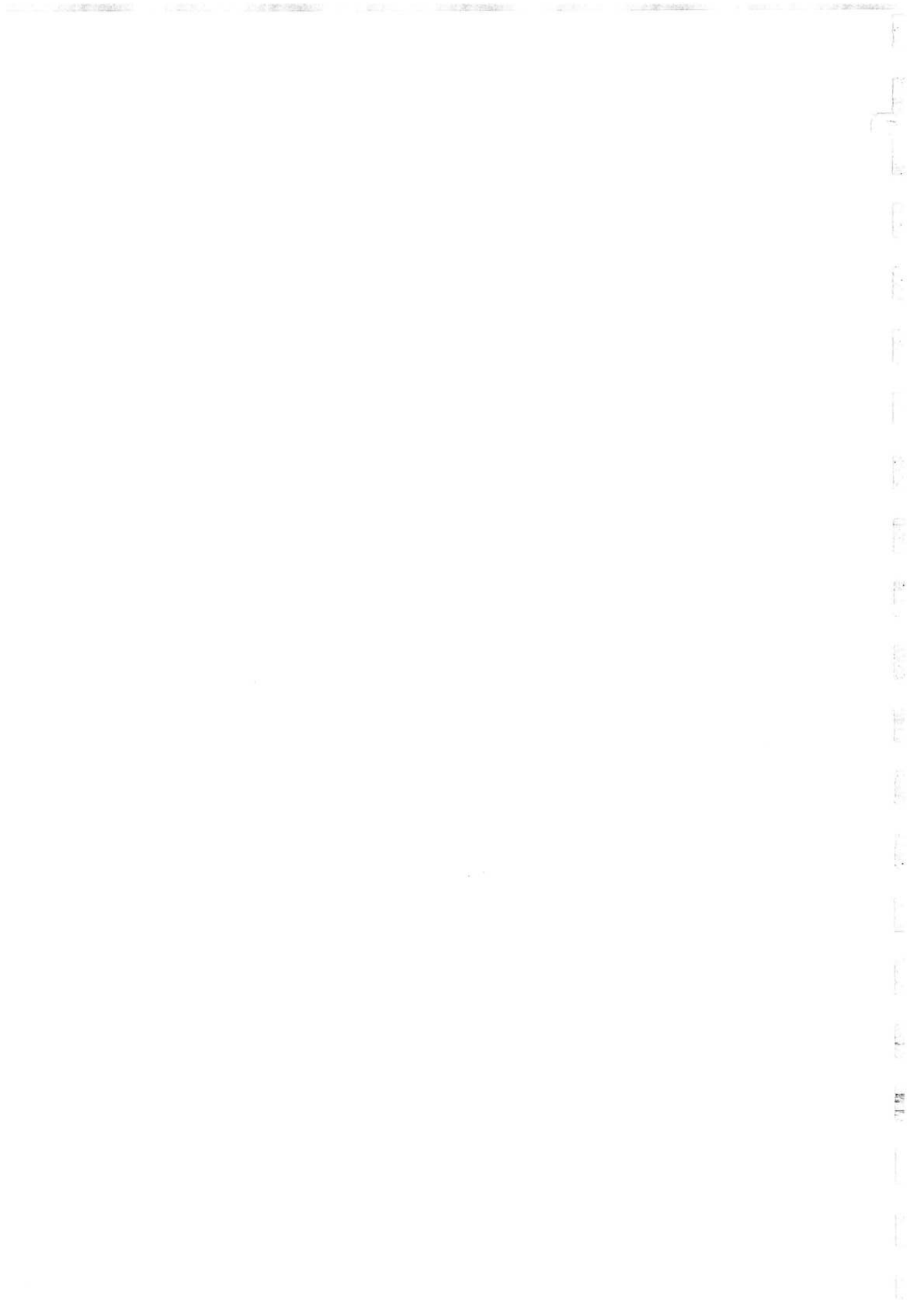


### 3. Statement by The Principal Secretary / Accounting Officer

The State Department for Social Security and Protection is mandated with the responsibility of ensuring implementation of the Constitution especially under Chapter 4 on the Bill of Rights. Article 43 sub article 3 states that *'The State shall provide appropriate Social Security to persons who are unable to support themselves and their dependents'*. In order to continuously address this obligation, the State Department pays special focus on the improvement of livelihood of vulnerable groups specifically the Orphans and Vulnerable Children, the Elderly, street families and Persons with Disabilities. The State Department therefore plays a pivotal role towards the realization of the country's transformation agenda as advocated in Kenya Vision 2030, Medium Term Plan (MTP), the Constitution, Post COVID-19 Economic Recovery Strategy and the 'Big Four' initiatives.

#### Programme Expenditure Analysis by Economic Classification (Amount in KSh Million)

Economic Classification	2019/20	2020/21	2021/22	2019/20	2020/21	2021/22
<b>Programme 1: Social Development and Children Services</b>						
Current expenditure	3,298.15	3,097.03	3,852.74	2,866.48	2,900.41	3,771.72
Compensation to employees	1,213.69	1,357.55	1,521.67	1,198.71	1,353.69	1,524.18
Use of goods and services	601.60	495.22	577.56	567.22	305.31	494.69
Current transfers and Govt. agencies	1,478.03	1,240.80	1,751.45	1,096.58	1,239.40	1,751.45
Other recurrent	4.83	3.46	2.06	3.97	2.01	1.40
Capital expenditure	1,005.84	520.73	563.34	476.84	513.80	261.46
Acquisition of Non- financial assets	106.34	20.73	216.10	55.51	13.80	214.22
Capital Grants to Government Agencies	896.50	500.00	347.24	418.38	500.00	47.24
Other Development	3.00	-	-	2.95	-	-
<b>TOTAL EXPENDITURE PROGRAMME 1</b>	<b>4,303.99</b>	<b>3,617.76</b>	<b>4,416.08</b>	<b>3,343.32</b>	<b>3,414.21</b>	<b>4,033.18</b>
<b>Programme 2:0 National Safety Net Program</b>						
Current expenditure	25,821.94	27,168.81	29,840.43	25,629.44	27,118.82	29,526.74
Compensation to employees	52.25	27.28	28.19	55.50	27.28	27.12





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Use of goods and services	1,542.32	350.28	478.43	1,289.97	314.94	173.03
Current transfers and Govt agencies	24,227.37	26,791.25	29,333.81	24,283.97	26,776.60	29,326.59
Other Recurrent	-	-	-	-	-	-
Capital expenditure	13,012.46	1,759.27	2,743.01	11,744.16	755.46	1,796.94
Acquisition of Non- financial assets	487.62	267.15	1,568.96	0.15	18.67	1,029.84
Capital Grants to Government Agencies	11,574.77	569.99	867.47	11,212.32	326.16	557.89
Other Development	950.07	922.13	306.58	531.69	410.63	209.21
<b>Total Programme 2.1</b>	<b>38,834.40</b>	<b>28,928.08</b>	<b>32,583.44</b>	<b>37,373.60</b>	<b>27,874.28</b>	<b>31,323.68</b>
<b>Programme 3: General Administration, Planning and Support Services</b>						
Current expenditure	237.59	188.10	212.21	228.46	186.76	200.55
Compensation to employees	124.57	135.45	146.08	122.15	134.31	139.57
Use of goods and services	112.02	49.49	62.06	105.42	49.49	57.08
Current transfers and Govt. agencies	-	-	-	-	-	-
Other recurrent	1.00	3.16	4.07	0.89	2.96	3.90
Capital expenditure	-	-	-	-	-	-
Acquisition of Non- financial assets	-	-	-	-	-	-
Capital Grants to Government Agencies	-	-	-	-	-	-
Other Development	-	-	-	-	-	-
<b>TOTAL EXPENDITURE PROGRAMME 3</b>	<b>237.59</b>	<b>188.10</b>	<b>212.21</b>	<b>228.46</b>	<b>186.76</b>	<b>200.55</b>
<b>TOTAL EXPENDITURE VOTE</b>	<b>43,375.98</b>	<b>32,733.94</b>	<b>37,211.73</b>	<b>40,945.38</b>	<b>31,475.25</b>	<b>35,557.41</b>

**PROGRAMME 1: SOCIAL DEVELOPMENT AND CHILDREN SERVICES**

The Total Allocation for Social Development and Children Services Programme was Ksh. 4,301.47 billion, Ksh. 3,618.47 billion and Ksh. 4,416.08 billion for FY 2019/20, 2020/21 and 2021/22 respectively. The Programme Actual Expenditure was Ksh. 3,343.32 billion, Ksh. 3,443.68 billion and Ksh. 4,033.18 billion for the 2019/20, 2020/21 and 2021/22 Financial years.

**PROGRAMME 2: NATIONAL SOCIAL SAFETY NET**



The Total Allocations for National Safety Net Programme was Ksh. 38,834.40 billion, Ksh. 28,928.08 billion and Ksh32,583.44 billion for FY 2019/20, 2020/21 and 2021/22 respectively. The Programme Actual Expenditure was Ksh. 37,373.60 billion, Ksh. 27,874.28 billion and Ksh. 31,323.68 billion for the 2019/20, 2020/21 and 2021/22 Financial years.

### **PROGRAMME 3: GENERAL ADMINISTRATION, PLANNING AND SUPPORT SERVICES**

The Total Allocations for General Administration, Planning and Support Services programme was Ksh 237.59 million, Ksh. 188.10 million and Ksh. 212.21 million for FY 2019/20, 2020/21 and 2021/22 respectively. The Programme Actual Expenditure was Ksh. 228.46 million, Ksh. 186.76 million and Ksh 200.55 million for the 2019/20, 2020/21 and 2021/22 Financial years.

### **KEY ACHIEVEMENTS**

- Registered 57,012 community groups (SHGs, CBOs), trained them and linked them to MFIs to enhance their participation in social economic development;
- Targeted and supported 1,233,129 vulnerable persons with cash transfer for consumption support and asset transfer to enhance their economic inclusion towards sustainable livelihood;
- Completed the construction of the Kirinyaga rescue Centre for the abused and neglected Older Persons as per the intent of National Policy on older person and Aging;
- Supported 688 Persons with Disabilities with training for inclusion and self-reliance;
- 5,000 Persons with albinism supported with eye and skin care products and services for improved vision and prevention of skin cancer;
- Supported 22,300 OVCs education through provision of Presidential Secondary School bursary;



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- Protected 196,425 Children in distress from abuse and exploitation through the toll free Child helpline -116;
- Placed 1,200 children in foster care and 800 children under local adoption;
- Rescued 12,000 Children and reintegrated them to their families /communities;
- Supported 4,448 street persons for rehabilitation, education and vocational skills training;
- Reintegrated 2,322 street persons to families and the community

#### **EMERGING ISSUES**

Some of the emerging issues that have led to increased vulnerability are:

- Rising incidences of chronic illnesses such as cancer;
- Increased online child abuse and exploitation especially as children attend virtual classes, Child radicalization and violent extremism;
- Increased incidences of human trafficking, smuggling and child abduction;
- Poor coordination of Social Protection responses to emergency situations such as the Covid-19 pandemic necessitating enhanced coordination and synergy in Social Protection Programming;
- Loss of jobs and businesses due to Covid-19, increased medical costs, mental health challenges, domestic violence, upsurge of street families and loss of lives amplifying demand for social protection services;
- Increased use of technology due to Covid-19 protocols increasing exclusion of the vulnerable population in Social protection interventions owing to reduced public participation;



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- Increasing vulnerability among Persons with Disabilities due to Covid-19 that perpetuate inaccessibility to services pushing them deeper into poverty;

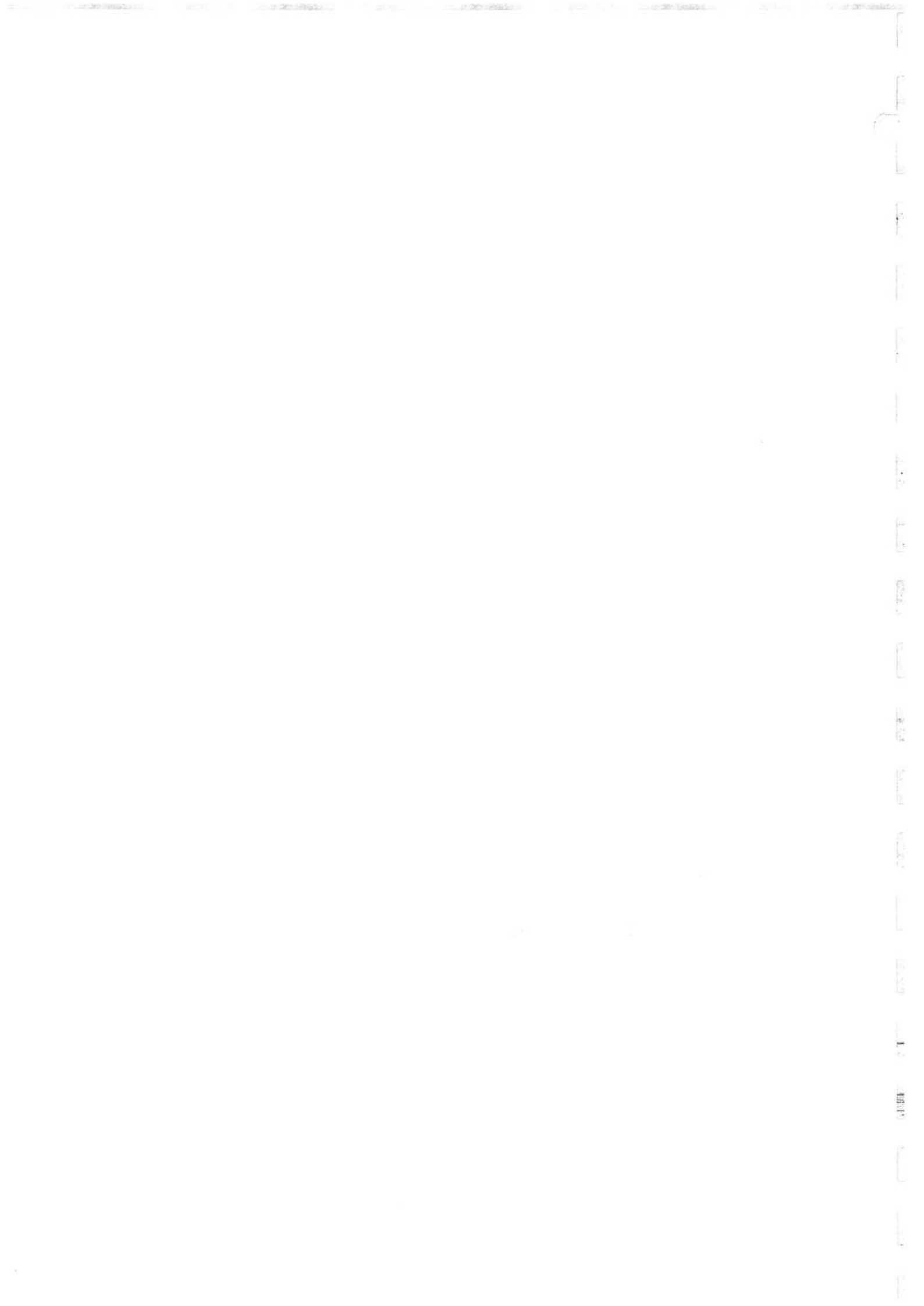
## **CHALLENGES**

- Slow pace in finalization of Legal and Policy framework in the Social Protection Sector by some stakeholders;
- Low implementation of the National Action Plan on Accessibility and Disability rights amongst MDCAs (1.3% employment of PWDs in Public Service against the Constitutional threshold of a minimum of 5%; 9% PWDs benefited from AGPO against 91% women and youth; inaccessible premises to PWDs as per the PSC Evaluation report 2019/2020);
- Bottlenecks in the land registration process have hindered acquisition of title deeds and securing of the State Department's parcels of land. This has led to encroachment and grabbing of State department's land;
- Low registration of Persons with Disabilities due to lengthy and costly disability assessment by the MOH, cultural barriers, vastness and difficult terrains;
- Lack of a government run shelter house for victims of trafficking and rescued street persons;
- Increase in the number of child pregnancy, child marriage, child parents and child headed households;
- Inadequate resources and capacity to address increased demand for Social Protection among vulnerable groups;

## **RECOMMENDATIONS**

The following are the key recommendations: -

- Commensurate to its importance for socio-economic development, there is need to increase funding to enable the sub-sector implement the key projects to enhance the country's

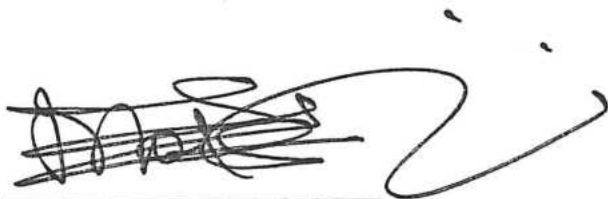




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competitiveness. Key areas of additional funding include recruitment of required staff for effective delivery of its strategic mandate, strengthening area advisory councils for child protection, establishment of government run shelter house for victims of trafficking and rescue home for the older persons, social protection and community empowerment.

- To enable the sub sector deliver its mandate, it is necessary to fast track the approval of the key policies and legislations already in Parliament and cabinet (National Policy on Community Development, National Social Protection Policy, Social Assistance Fund Bill, Community Groups Registration Bill, Persons with Disabilities Bill 2021, Social Protection Bill, Children's Bill 2021, National Volunteerism Bill 2019).
- Improve the process of registering and facilitation of tax exemption for persons with disabilities through gazettelement of reviewed Regulations on Registration and Tax Exemption 2020.
- Secure State Departments parcels of land through involvement of top leadership in relevant agencies for fast tracking registration and acquisition of title deeds.
- Endeavor to have all MCDAs register with NCPWDs career portal via [ncpwd@fuzu.com](mailto:ncpwd@fuzu.com) to link PWDs to employment opportunities.
- MCDAs should ensure mainstreaming of disability issues in planning and budgeting processes.



Principal Secretary

**Joseph M. Motari, MBS**



#### **4. Statement of Performance against Predetermined Objectives For Fy2021/22**

##### **Introduction**

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each National Government State Department for Social Security and Protection in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government State Department for Social Security and Protection's performance against predetermined objectives.

The key development objectives of the *State Department's 2018-2022* plan are to:

- a) empower individuals, families, groups and communities for improved livelihoods;
- b) improve the livelihoods of poor and vulnerable members of society;
- c) improve coordination and linkages in delivery of social protection interventions by actors in Kenya;
- d) coordinate rescue, rehabilitation and reintegration of street families;
- e) realize and safeguard the rights and welfare of all children;

##### **Progress on the attainment of Strategic development objectives through performance Contracting**

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:



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<b>Outcomes</b>		
a. Empowered individuals, families, groups and communities		
b. Improved beneficiary well-being and resilience building		
c. Enhanced access to social protection services by Kenyans		
<b>Indicators</b>	<b>Target</b>	<b>Performance</b>
	<b>2021/22</b>	<b>2021/22</b>
No. of SHGs and CBOs registered	50,000	57,012
No. of group members (SHGs, CBOs) trained	50,000	57,012
No of groups linked to various MFIs	50,000	57,012
No. of Bills developed (Older Persons, Persons with Disability, National Volunteerism Bill, Community Groups Registration Bill, Family Promotion & Protection Bill)	1	1
International days observed	6	6
No. of Volunteers engaged (Social Development Committees members, Lay Volunteer Counsellors, Volunteer Children Officers)	-	-
A National Database of Volunteers Established	1	0
No of community members supported through EIP	7,500	7,053
No of EIP participants trained on VSLA and business groups formation	7,500	6,211
Baseline survey for 3 EIP evaluation Counties (Taita Taveta, Marsabit and Kisumu)	1	1
Operational CDMIS for management of Economic Inclusion Programme	1	0



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<b>Outcomes</b>		
a. Empowered individuals, families, groups and communities		
b. Improved beneficiary well-being and resilience building		
c. Enhanced access to social protection services by Kenyans		
<b>Indicators</b>	<b>Target</b>	<b>Performance</b>
	<b>2021/22</b>	<b>2021/22</b>
No. of Community Capacity Support Centres refurbished and Equipped	3	3
No. of relevant Institutions trained on Social Risk Management (SRM)	10	22
No. of Counties sensitized on SRM	8	4
No. of SRM Multi-sectoral committees operationalized	9	3
No. of PWDs trained in VRCs	700	688
Guidelines for VRC management committees	1	1
No. stakeholders sensitized on inclusive data collection	23	40
A resource mobilization strategy for inclusive data action plan priorities	1	1
support needs assessment survey for PWDs and their caregivers in 10 Counties	1	1
A Strategic framework for Community Based Rehabilitation (CBR/CBID) for PWDs	1	0
A national strategy to address intersectional discrimination of women and girls with disabilities	1	0
No. of community members sensitized on family, retirement, matrimonial and succession issues	-	-





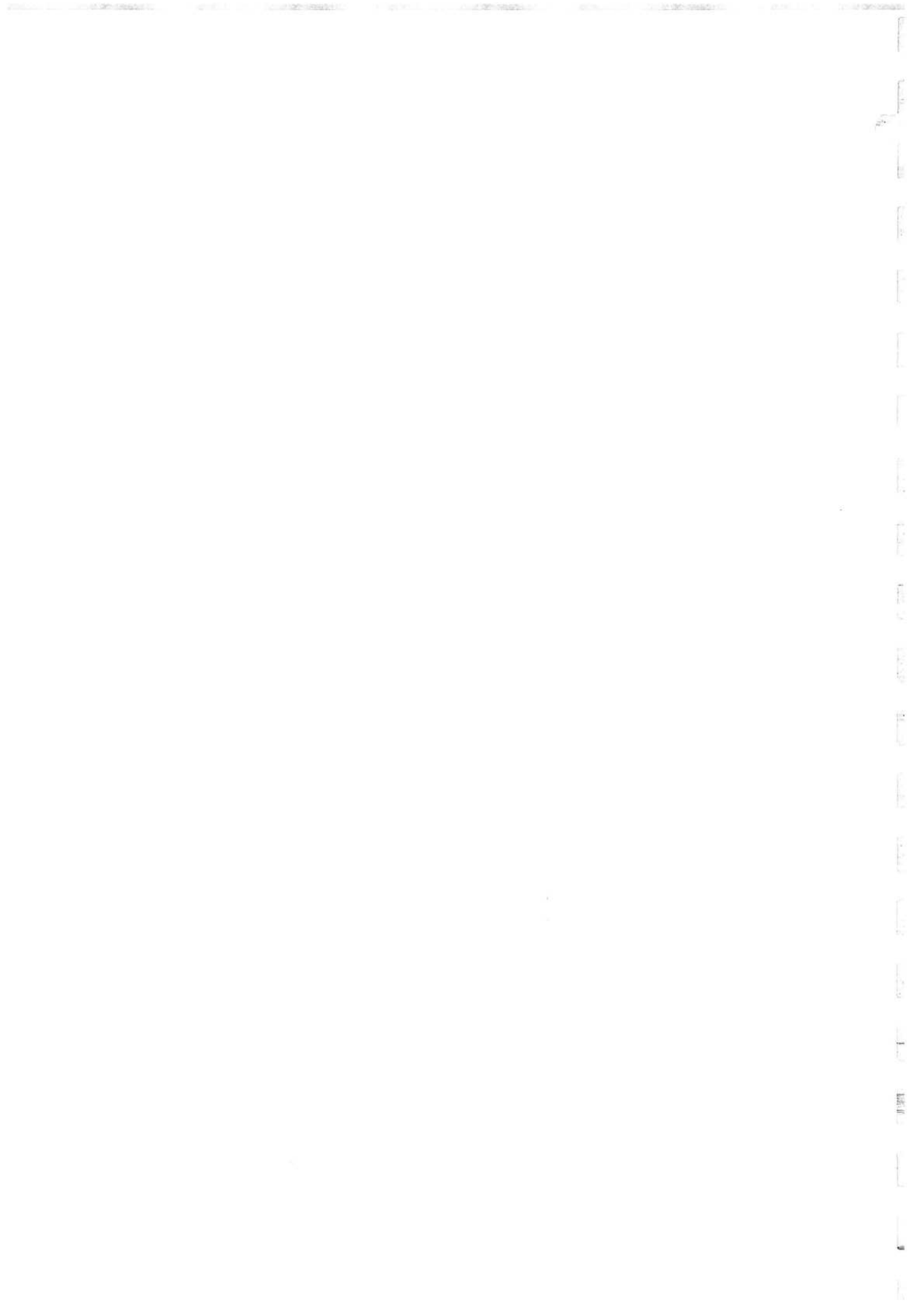
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<b>Outcomes</b>		
a. Empowered individuals, families, groups and communities		
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c. Enhanced access to social protection services by Kenyans		
<b>Indicators</b>	<b>Target</b>	<b>Performance</b>
	<b>2021/22</b>	<b>2021/22</b>
Action plan on Inclusive Data Charter	1	1
No. stakeholders sensitized on inclusive data collection	23	40
National Parenting guideline	1	1
No. of families provided with psychosocial support and referral services	1,000	1,000
No of Lay volunteer counsellors trained	1,065	446
No. of older persons rescued at Kirinyaga Rescue Centre	10	8
No. of skilled PWDs provided with tools of trade	250	303
No. of Self-Help groups provided with grants and entrepreneurship training	250	251
Number of PWDs supported with LPO financing fund under AGPO	50	0
No. of PWDs provided with assistive & supportive devices and services	4,000	3,188
No. of learning and social care institutions with PWDs supported	40	7



*State Department for Social Security and Protection  
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<b>Outcomes</b>		
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b. Improved beneficiary well-being and resilience building		
c. Enhanced access to social protection services by Kenyans		
<b>Indicators</b>	<b>Target</b>	<b>Performance</b>
	<b>2021/22</b>	<b>2021/22</b>
with infrastructure and equipment		
No. of national disabled persons organization supported with grants for advocacy awareness on disability issues	57	43
No. of PWDs provided with bursaries and scholarship	2,200	2,169
No. of workers offering essential services trained in Kenya Sign language (Nurses, Police and Social workers)	350	366
% of PWDs facilitated for tax exemption	100	100
No. of PWDs registered and issued with disability ID cards	100,000	24,992
No. of Persons with Albinism supported with sunscreen lotion	5,000	5,000
No. of stakeholders trained on the AFC Guidelines	700	1,000
No. of children placed in foster care	800	1,200
No. of reports on children placed under local adoption	300	800
No. of Adoption societies registered and inspected	6	5
No. of children assemblies / Kenya Children Assembly {KCA}	48	48



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<b>Indicators</b>	<b>Target</b>	<b>Performance</b>
	<b>2021/22</b>	<b>2021/22</b>
forums		
No. of annual celebrations held to enhance child participation	5	5
No. of Counties Data base disseminated	47	47
No. of Dissemination forums on Directory of mapped children's services providers	10	10
No. of ToT trained on Child Protection Information Management System (CPIMS);	150	180
No. of child protection organizations using CPIMS for Case Management	1850	1907
No. of cases reported and managed within CPIMS	170,000	180,227
No. of households receiving nutrition -sensitive cash transfer	13,800	7,200
No. of Sub Counties delivering nutrition sensitive designed packages	27	15
No. of Sub Counties with operationalized Niche registration system	27	15
No. of Sub counties having automated NICHE MIS	27	15



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<b>Indicators</b>	<b>Target</b>	<b>Performance</b>
	<b>2021/22</b>	<b>2021/22</b>
No of beneficiaries sensitized on parenting skills and child protection	2,000	2,000
No. of OVCs supported with Presidential Bursary	22,300	22,300
No. of children assisted through the child- helplines	150,000	196,425
No. of rescued children provided with basic support	9,200	9,200
No. of children in emergencies provided with psychosocial support	19000	8000
No. of children in emergencies provide with reunification	450	3780
No. of Counties the VAC National Prevention and Response Plan 2019-2023 Disseminated and implemented	20	47
No. of Counties VAC Spot It Stop It campaign rolled out	20	47
No. of VAC cases reported and intervention provided	170,000	175,211
No. of counties. TOTs trained on Child Online Protection	5	5
No. of children officers trained on the Child Justice System	200	409
No. of children in SCI provided with vocational life skills training	300	316

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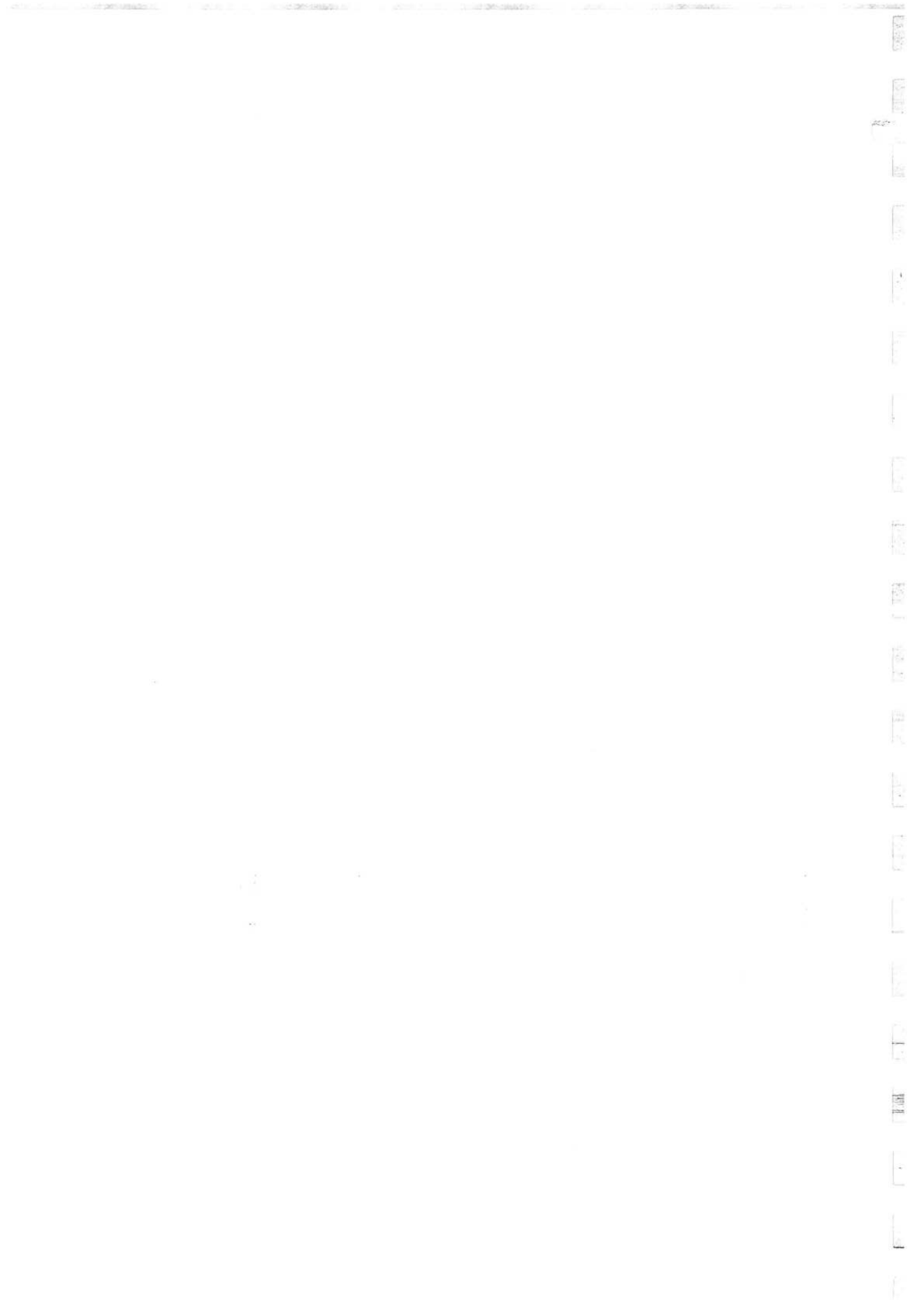
*State Department for Social Security and Protection  
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<b>Indicators</b>	<b>Target</b>	<b>Performance</b>
	<b>2021/22</b>	<b>2021/22</b>
No. of duty bearers trained to enhance care and protection of children	417	417
No. of police officers & duty bearers trained on Identification, Investigation and Prosecution of Trafficking in person cases.	300	347
No. of Victims of trafficking rescued and screened	200	246
No. of victim's rehabilitation and reintegration back to their families	50	58
No. of Victims repatriated from Kenya	50	92
No. of victims repatriated into Kenya	30	7
Resource Mobilization and Disbursement Strategy	-	-
No. of CCIs inspected	250	348
No. of CCIs monitored	170	148
No. of CCIs certificates renewed	200	219
Reviewed National Children policy 2010	1	0
Enactment of the Children Bill 2021	1	1



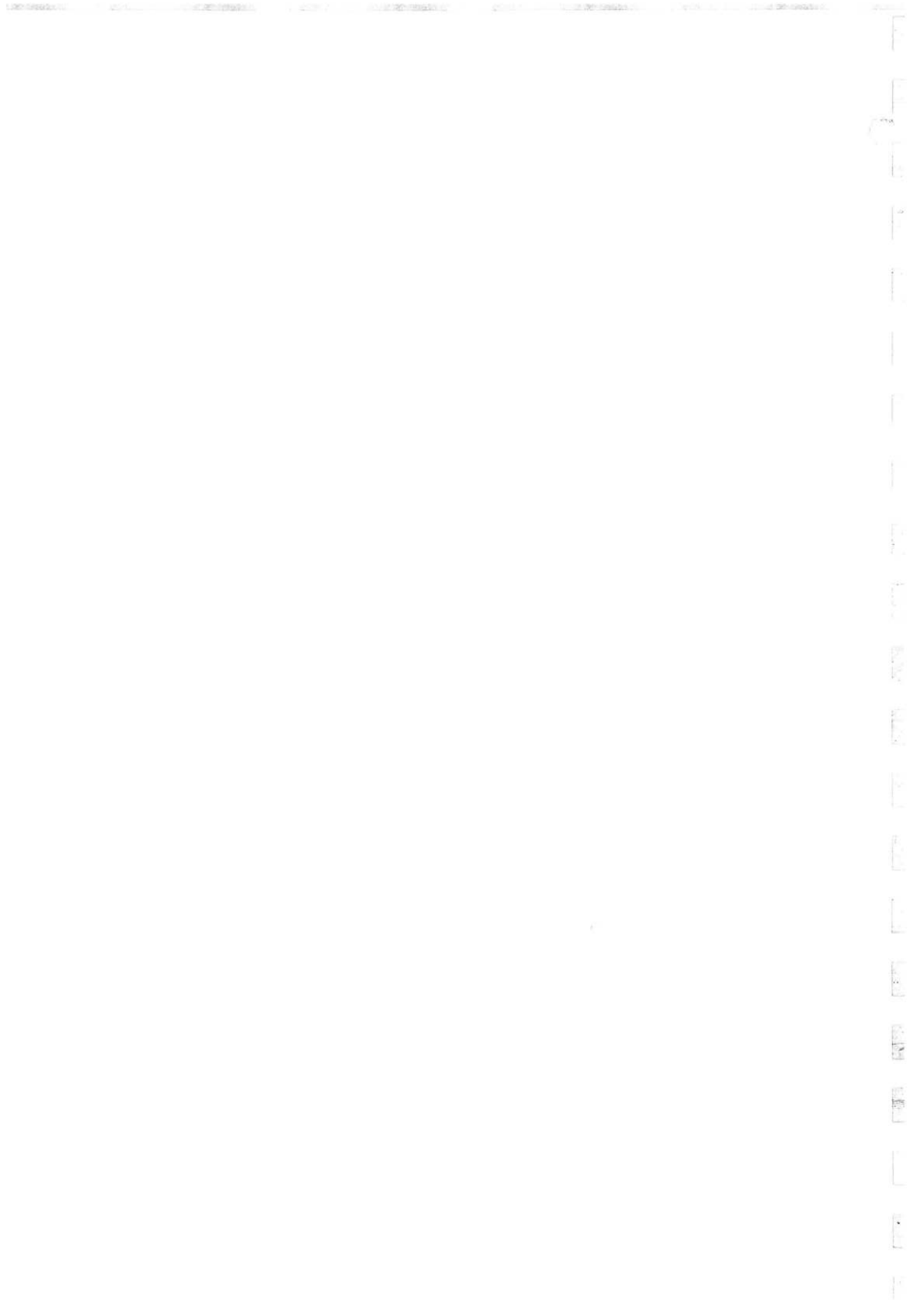
*State Department for Social Security and Protection  
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<b>Indicators</b>	<b>Target</b>	<b>Performance</b>
	<b>2021/22</b>	<b>2021/22</b>
Finalized County Children Advisory Committees (CACs) Guidelines	1	0
National Care Reform Strategy	1	1
Day of the African Child observed	1	1
No. of State Party Reports developed and submitted	1	0
No. of Children rehabilitated and trained in various skills	7,000	7,508
No. of contracts renewed	10	10
No. of parents identified, trained and empowered with IGA	250	273
No. of children facilitated with complementary education materials during emergencies	62,670	68,233
No. of OVCs whose school levies and fees has been paid	6,060	7,219
No. of children provided with educational materials	6,890	8,107
No. of children in emergencies, provided with psychosocial supply and support	91,800	112,322
No. of separated children provided with Identification	1,500	1,867



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<b>Indicators</b>	<b>Target</b>	<b>Performance</b>
	<b>2021/22</b>	<b>2021/22</b>
Documentation Tracing and Reunification (IDTR) services		
No. of children provided with rescue services	2,000	2,342
No. of OVCs outside the Cash Transfer provided with PSS support	109,500	110,216
No. of families and children provided with PSS Services	97,300	98,435
No. of parents identified, trained and empowered with IGA	1,000	1,395
No. of children in emergencies provided with IDTR services	200	211
No. of local child protection community structures	16	26
No. of duty bearers trained and sensitized on OVC protection	40,000	41,177
No. of ROC Clubs formed	8	12
No. of Older Persons supported with cash transfers.	833,129	756,935
No. of PWSDs supported with cash transfers.	47,000	37,023
No. of OVC households supported with cash transfers.	353,000	278,945



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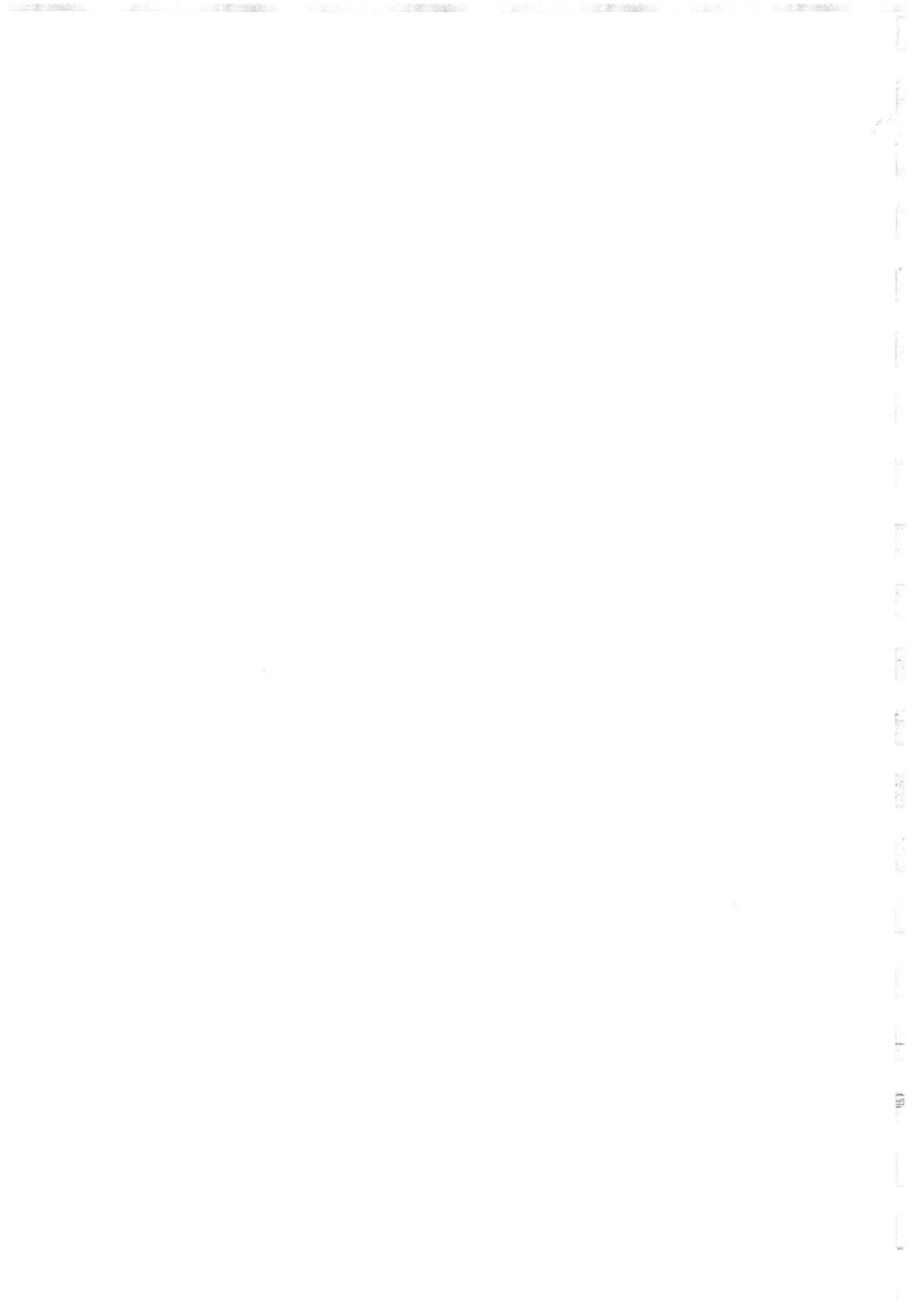
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c. Enhanced access to social protection services by Kenyans		
<b>Indicators</b>	<b>Target</b>	<b>Performance</b>
	<b>2021/22</b>	<b>2021/22</b>
No. of PSPs procured (KCB, Equity, Cooperative, Post Bank, National Bank & KWFT)	6	6
% of commission paid to the PSPs	100	0
No. of payrolls generated for Complementary programmes, (NICHE and Economic )Inclusion (EI)	2	2
No. of beneficiaries accounts opened	93,000	13,697.
No of beneficiaries in the Legacy Lists retargeted and enrolled	29,000	14,668
No of beneficiaries replaced	26,000	0
No. of sub-counties where CCTP-MIS targeting and GCM modules have been decentralized	300	300
No of CCTP-MIS Modules enhanced	6	4
CCTP MIS related hardware and software Upgraded	1	0
CCTP Operations Manual (OM) Validated and launched	1	0
G&CM tools, BWC Guidelines, BWC Training Manual and IEC materials Reviewed to capture KSEIP components	1	0
Beneficiary Outreach Strategy (BOS) reviewed to capture KSEIP components(Enhanced BOS)	1	0
No. of Constituency Social Assistance Committee (CSACs) facilitated	290	290
No. of officers sensitized on CCTP OM.	850	850





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<b>Indicators</b>	<b>Target</b>	<b>Performance</b>
	<b>2021/22</b>	<b>2021/22</b>
No of counties where officers have been sensitized on Beneficiary Outreach Strategy	22	0
No of BWCs Harmonized and trained under the CCTP	1,665	1,665
Impact Evaluation of the 70+ OPCT beneficiaries conducted	1	1
No of annual planning meeting for the CCTP for HQS, County and Sub-County officers	1	1
CCTP M&E Strategy Reviewed	1	0
Norms, standards and guidelines for Social Protection coordination	1	0
Updated and automated directory of SP stakeholders and interventions	1	0
No. of counties using Social Protection (SPCM) coordination model	3	0
No of counties with operational COP county chapters	2	0
No. of meetings for the National Steering committee for SP (NSCSP) held	2	2
No. of KSEIP bi-annual progress reports	2	2
Upgraded and maintained ESR and CCTP data centre	1	0
No. of stakeholder's linked to ESR including SP complementary programmes	17	21
No. of Counties adopting Generic County Government Social	2	6



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<b>Indicators</b>	<b>Target</b>	<b>Performance</b>
	<b>2021/22</b>	<b>2021/22</b>
Protection (CG-SP) MIS		
% of total estimated Vulnerable households per County in the Social registry	75 (17counties)	143 (16 counties)
No of Research study findings on SP disseminated	1	1
No. of stakeholders reporting through the SP M&E framework	6	6
No. of SP beneficiaries registered in the Enhanced Single Registry (ESR)	1.6M	1.65M
No. of SP stakeholders sensitized on the ESR including the HTT	17,000	17,680
% of NSNP beneficiaries enrolled into NHIF	40	44.7
No of Counties reached under SP learning and Development Programme	7	12
No. of stakeholders trained on social protection (Learning & Development)	100	36
No. of stakeholders trained on social safeguards including implementation of Vulnerable, Marginalized Group Framework (VMGF)	200	568
No. of Partners engaged in Co-financing support for social	12	12



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c. Enhanced access to social protection services by Kenyans		
<b>Indicators</b>	<b>Target</b>	<b>Performance</b>
	<b>2021/22</b>	<b>2021/22</b>
protection		
No. of Counties piloting the Universal Child Benefit (UCB)	3	3
No. of UNDAF coordination meetings	12	12
No. of SP conferences held	1	0
No. of policy and strategy documents	4	2
No. of legislative documents	2	0
No. of partner institutions undertaking 4R+P programmes supported	35	38
No. of street families rescued	3,000	4,328
No. of street families' talents identified and nurtured	200	171
No. of street families provided with psychosocial support services	700	4,713
No. of street families supported for education and vocational skills training	3,000	4,488
No. of street persons reintegrated to the community	800	2,322
No. of families supported through economic empowerment to ensure retention of reintegrated persons	200	247
No. of caregivers trained	105	114
National Policy on Rehabilitation of Street Families	1	0
Develop 1st draft Street Families Bill	1	0
Develop policy implementation guidelines	1	0



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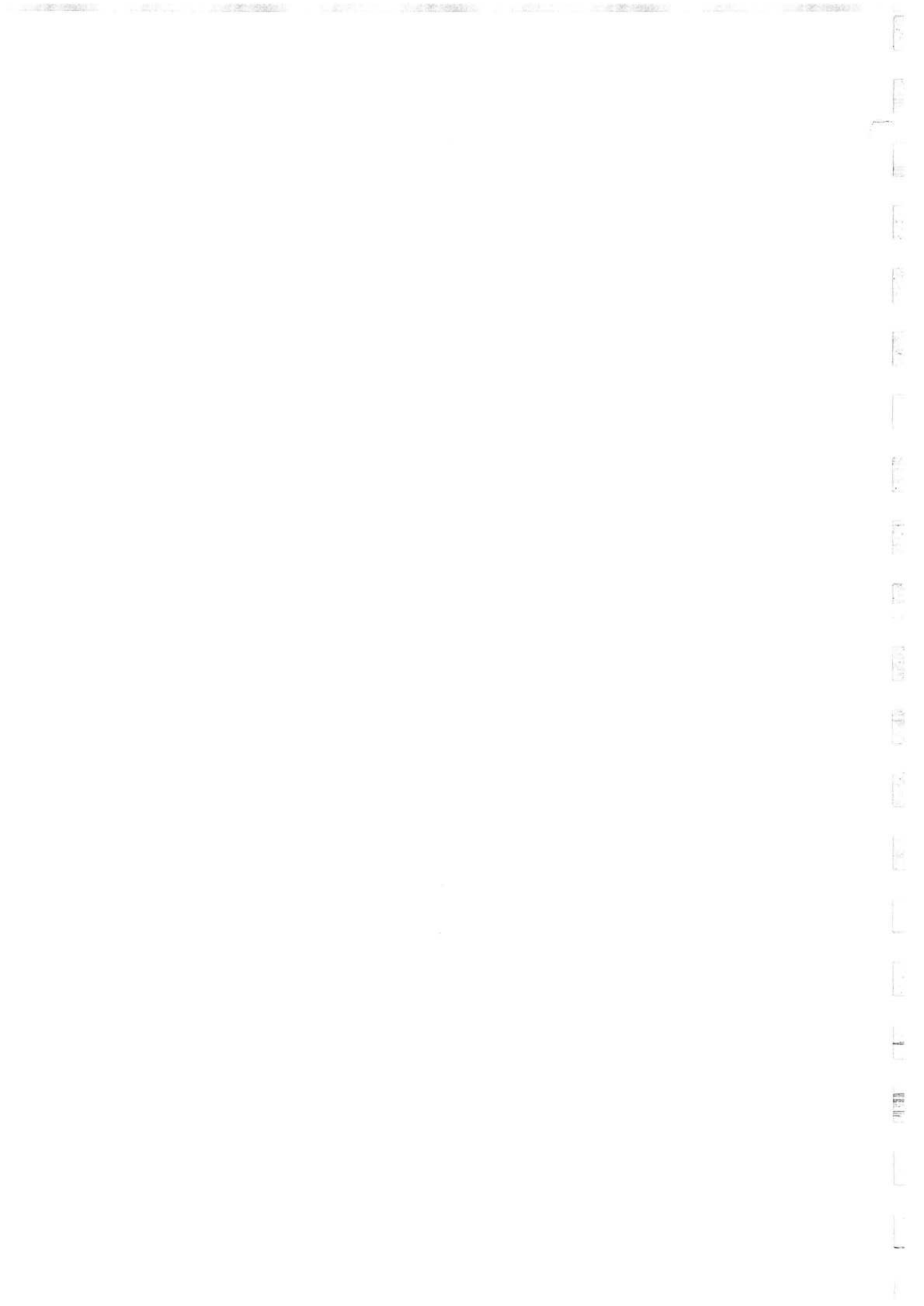
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<b>Indicators</b>	<b>Target</b>	<b>Performance</b>
	<b>2021/22</b>	<b>2021/22</b>
Undertake review of SFRTF strategic plan 2018 -2022	1	1
No. of County Chapters for rehabilitation of street families established	12	0
Resources raised to support street families rehabilitation programmes	10M	8M
Develop SFRTF Service Charter	1	0
Develop SFRTF Citizen service delivery charter	1	0
Develop SFRTF Communication Strategy	1	0
Draft National Relief Assistance Policy developed and submitted to the cabinet	1	0
No. of counties covered	23	23
Quantity of food and non-food items purchased	-	9,900MT of Various Food and non-food items procured
Funds utilized to purchase the items	-	Ksh. 2.3 B
% Compliance with service charter and service delivery charter commitments.	100	75
No. of annual cross cutting issues in the Annual CS PC coordinated	11	11
% Implementation of Training Need Assessment (TNA )report	100	28





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<b>Indicators</b>	<b>Target</b>	<b>Performance</b>
	<b>2021/22</b>	<b>2021/22</b>
No. of functional Management Information Systems (MISs) supported	5	5
% adherence to Annual servicing and maintenance of ICT Equipment schedule	100	90
% of technology leverage in the State Department to improve service delivery during Covid-19 period	100	100
Updated annual Inventory of State Department's assets	1	1
No. of Students placed on attachment	180	111
No. of monthly reports on remitted statutory deductions to relevant institutions	60	60
No. of annual CS Performance contract coordinated	1	1
No. of Performance contracts cascaded(HODs & SAGAS)	8	8
No. of periodic Reports produced and submitted to various lead agencies	29	29
No. of PC evaluated	1	1



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<b>Indicators</b>	<b>Target</b>	<b>Performance</b>
	<b>2021/22</b>	<b>2021/22</b>
% of staff appraised	100	35.4
% of pensioners claims submitted to pension departments	100	53
No. of monthly Payroll processed	12	12
% compliance with the request from Parliamentary and Senate Committee on Labour & Social Welfare and Public Accounts committee to clarify on various issues	100	100
No. of project implementation committee (PIC) constituted and operationalized.	1	1
No. of MPPR, Sub Sector Report & PBB reports	3	3
% of financial records Audited	100	100
No. of annual work plan, annual procurement plan and annual cash flow prepared and submitted to NT & Planning.	3	3
% of procedurally processed payments	100	100
No. of periodic financial reports produced and submitted to various lead agencies	9	9



## **5. Environmental and Sustainability Reporting**

### **1. Sustainability strategy and profile -**

The State Department has put in place measures and strategies to ensure its programmes and projects are sustainable. Key among these measures are: Development of various policies and legislations such as the Social Assistance bill, Children Bill, Social Protection policy, Street Families Rehabilitation Policy Older persons and Aging policy, National Disability amendment Bill, Community Group Registration Act and the Investment plan for sustainable financing of the social protection programmes in the country.

### **2. Environmental performance**

In order to ensure the State Department has effectively contributed to the management and conservation of the environment for the current and future generation, the following measures have been put in place: Implementing the Presidential Directive on achieving 10% forest cover through planting trees in its public institutions such as children remand homes, children rehabilitation centres, Vocational Rehabilitation Centres and County and Sub-county office grounds. In addition, the State Department has established an Environmental Management committee both at headquarters and its field offices.

### **3. Employee welfare**

The State Department recognizes the contribution of its staff to the realization of its functions. In this regard, the State Department has put in place the following measures to improve the employee welfare: Development and realignment of the State Departments functions with various schemes of service which has reduced stagnation of staff hence improving their morale leading to higher productivity. The State Department has established various committees for the purpose of addressing staff concerns and welfare. The State Department also implements the Occupational Safety and Health Act of 2007 by clearly making the exit areas in case of emergencies and placing fire extinguishers in its buildings and floors.



**4. Market place practices-**

The state department has put effort in:

a) Responsible competition practice through.

Establishment of various committees such as the Public Complaints committee and Corruption Prevention committee. The state department has further adopted online platform for procurement of goods and services and is being guided by the PFM, Act 2012 in procurement of goods and services

The state department has been able to honour its obligation through ensuring that its suppliers are paid timely

**5. Community Engagements-**

The State Department has been implementing its activities in an open manner by a way of ensuring that communities are involved in every stage of the project cycle. This is through the identification of Cash transfer beneficiaries, presidential bursaries, community development, programme implemented for PWD and Street Families programmes





## **6. Statement of Management Responsibilities**

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government State Department for Social Security and Protection shall prepare financial statements in respect of that State Department for Social Security and Protection. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the State Department for Social Security and Protection is responsible for the preparation and presentation of the Department's financial statements, which give a true and fair view of the state of affairs of the State Department for Social Security and Protection for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the State Department for Social Security and Protection; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the department; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the State Department for Social Security and Protection accepts responsibility for the Department's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the Department's financial statements give a true and fair view of the state of State Department for Social Security and Protection's transactions during the financial year ended June 30, 2022, and of the Department's financial position as at that date. The Accounting Officer in charge of the State Department for Social Security and Protection further confirms the completeness of the accounting



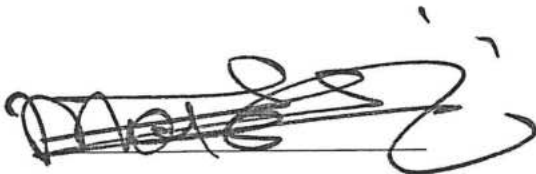
*State Department for Social Security and Protection  
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records maintained for the Department, which have been relied upon in the preparation of the Department's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the State Department for Social Security and Protection confirms that the Department has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the Department's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the Department's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The State Department for Social Security and Protection financial statements were approved and signed by the Accounting Officer on 15<sup>th</sup> Dec 2022.



Principal Secretary

Joseph M. Motari, MBS



Deputy Accountant General

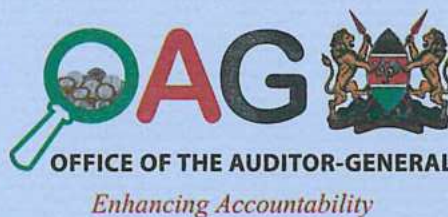
CPA Alice W. Mwaniki

ICPAK Member Number: 5425



# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR SOCIAL SECURITY AND PROTECTION FOR THE YEAR ENDED 30 JUNE, 2022**

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### PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of State Department for Social Security and Protection set out on pages 1 to 26, which comprise the statement of assets and liabilities as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year

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*Report of the Auditor-General on State Department for Social Security and Protection for the year ended 30 June, 2022*

then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the State Department for Social Security and Protection as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Unsupported Bank Balance**

The statement of assets and liabilities reflects an amount of Kshs.816,841,947 in respect of bank balances. As disclosed in Note 9 to the financial statements, the balance includes an amount of Kshs.174,472,168 held at Central Bank of Kenya relating to Kenya Social Economic Inclusion Programme (KSEIP) whose bank statements and bank reconciliations statements were not provided for review.

In the circumstances, the existence of the Kenya Social Economic Inclusion Programme (KSEIP) bank balance of Kshs.174,472,168 as at 30 June, 2022 could not be confirmed.

### **2. Discrepancy Between Payroll and Financial Statements**

The statement of receipts and payments reflects an expenditure of Kshs.1,690,819,559 in respect of compensation of employees which however, differed with the total payroll amount of Kshs.1,689,554,701 by an unexplained variance of Kshs.1,264,858.

In the circumstances, the accuracy of the expenditure on compensation of employees of Kshs.1,690,819,559 could not be confirmed.

### **3. Unsupported Purchase of Specialized Materials and Supplies**

The statement of receipts and payments reflects an amount of Kshs.1,585,933,542 in respect of use of goods and services which, as disclosed in Note 5 to the financial statements, includes an expenditure of Kshs.244,901,512 in respect of purchase of specialized materials and supplies. However, the expenditure was not supported by a schedule.

In the circumstances, the accuracy and occurrence of the expenditure on purchase of specialized materials and supplies of Kshs.244,901,512 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the State Department for Social Security and Protection Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

### **Other Matter**

### **Unresolved Prior Year Matters**

Various prior year audit issues remained unresolved as at 30 June, 2022. Management has not provided reasons for the delay in resolving prior year audit issues.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Delayed Cash Transfers**

The statement of receipts and payments reflects transfers to other Government units of Kshs.31,864,726,518 which, as disclosed in Note 6 to the financial statements, includes cash transfers amounting to Kshs.31,254,074,195. However, review of data from the Consolidated Cash Transfer Management Information System (CCTPMIS) and Payment Service Providers (PSPs) operations revealed that transfers to Inua Jamii Programme beneficiaries had delays of between 12 and 90 days. This is contrary to Section 3.3.3 of the Operations Manual for Consolidated Cash Transfer Programme which states that payments are made at the tail end of the second month of a payment cycle.

In the circumstances, Management was in breach of the operational manuals.

#### **2. Over-Commitment of Salary**

The statement of receipts and payments, as disclosed in Note 4 to the financial statements, reflects expenditure of Kshs.1,690,819,559 on compensation of employees.

However, review of the payroll data revealed that, during the year under review, sixteen (16) employees earned a net salary less than one-third ( $\frac{1}{3}$ ) of their basic salary contrary to the provisions of Section C.1(3) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which states that Public officers shall not over-commit their salaries beyond two thirds ( $\frac{2}{3}$ ) of their basic salaries and Heads of Human Resource Units should ensure compliance.

In the circumstances, Management was in breach of the regulations.

### **3. Undeserving Program Beneficiaries**

The statement of receipts and payments reflects transfers to other Government units of Kshs.31,864,726,518 which, as disclosed in Note 6 to the financial statements, includes cash transfers amounting to Kshs.31,254,074,195. However, verification of the transfers revealed that some of the households in the program were not eligible since members had other adequate regular incomes. This ineligibility is contrary to the provisions of Section 1.2 of the Operations Manual for Consolidated Cash Transfer Programme which states that an individual benefit is where the cash transfer is issued to each individual in a household who meets the certain criteria set while a household benefit is issued once to a household with at least one member who meets the certain criteria.

In the circumstances, Management was in breach of the regulations.

### **4. Overpayment of Transfers**

The statement of receipts and payments reflects transfers to other Government units of Kshs.31,864,726,518. As disclosed in Note 6 to the financial statements, the balance includes cash transfers amounting to Kshs.31,254,074,195. However, review of the payments from the Consolidated Cash Transfer Programme data revealed that the Programme had paid amounts totalling to Kshs.85,453,000 as cash transfers to two thousand nine hundred and eighty-nine (2,989) beneficiary households which exceeded the expected transfers of Kshs.71,736,000 by an unexplained amount of Kshs.13,717,000. This was a contravention of Section 3.3.1 of the Operations Manual for Consolidated Cash Transfer Programme which states, *inter alia*, that the current transfer value is Kshs.2,000 per month (Kshs.4,000 per payment cycle).

In the circumstances, Management was in breach of the regulations.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.



# REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

## **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## **Basis for Conclusion**

### **1. Lack of an Effective Internal Audit Function**

During the year under review, the State Department did not have an effective internal audit function and consequently, the Department lacked an active Audit Committee contrary to the provisions of Sections 73(1) and (5) of the Public Finance Management Act, 2012 which requires every public entity to have arrangements in place for internal audit function for the purpose of carrying out in depth reviews of Management operations and internal controls.

In the circumstances, the Department did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.

### **2. Lack of an Approved Training Plan**

The statement of receipts and payments reflects expenditure on use of goods and services amounting to Kshs.1,585,933,542 which, as disclosed in Note 5 to the financial statements, includes an amount of Kshs.29,771,483 incurred on training expenses. However, no approved training plan was provided for audit verification making it difficult to determine whether the trainings were carried out effectively and that the public received value for money in the expenditure.

In the circumstances, the effectiveness of the expenditure on training could not be confirmed.

### **3. Anomalies in the Summary of the Fixed Asset Register**

Annex 4 to the financial statements reflects total assets historical cost balance of Kshs.1,235,597,562 as at 30 June, 2022. However, the balance excludes the cost of land owned by the Department. Further, some items in the assets register had no corresponding values and no date of purchase. In addition, review of records revealed that the State Department had thirty-six (36) parcels of land spread across the country but whose ownership documents were not provided for audit verification.

In the circumstances, it may not be possible for Management to safeguard the Department's assets.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were

operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the State Department's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using applicable basis of accounting unless Management is aware of the intention to terminate the State Department or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the State Department's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the State Department's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the State Department's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the State Department to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the State Department to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.



CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

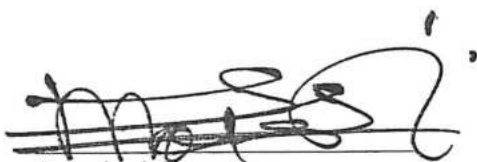
22 December, 2022

State Department for Social Security and Protection  
Annual report and financial statements for the year ended June 30, 2022.

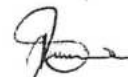
8. Statement of Receipts and Payments for The Year Ended 30<sup>th</sup> June 2022

	Note	2021-2022 KES	2020-2021 KES
<b>RECEIPTS</b>			
Proceeds from Domestic and Foreign Grants	1	505,000,000	299,778,217
Exchequer releases	2	34,467,143,853	31,126,369,476
Proceeds from Foreign Borrowings	3	408481872.2	0
Other Receipts	2.A	161,096,018	89,887,440
<b>TOTAL RECEIPTS</b>		<b>35,541,721,743</b>	<b>31,516,035,133</b>
<b>PAYMENTS</b>			
Compensation of Employees	4	1,690,819,559	1,521,760,621
Use of goods and services	5	1,585,933,542	1,104,035,346
Transfers to Other Government Units	6	31,864,726,518	28,799,118,269
Social Security Benefits		1,066,491	1,699,410
Acquisition of Assets	7	204,999,113	23,506,012
<b>TOTAL PAYMENTS</b>		<b>35,347,545,224</b>	<b>31,450,119,658</b>
<b>SURPLUS/DEFICIT</b>		<b>194,176,519</b>	<b>65,915,475</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The State Department for Social Security and Protection financial statements were approved on 15<sup>th</sup> Dec 2022 and signed by:



Principal Secretary  
Joseph M. Motari, MBS



Deputy Accountant General  
Alice W. Mwaniki  
ICPAK Member Number: 5425

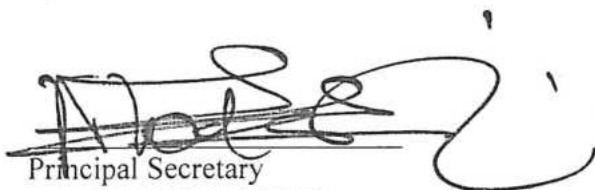



State Department for Social Security and Protection  
Annual report and financial statements for the year ended June 30, 2022.

9. Statement of Assets And Liabilities as At 30<sup>th</sup> June 2022

	Note	2021-2022 KES	2020-2021 KES
<b>Cash and Cash Equivalents</b>			
Bank Balances	9	816,841,947	523,605,738
Cash Balances	9A	1,316,103	1,319,643
<b>Total Cash and cash equivalent</b>		<b><u>818,158,051</u></b>	<b><u>524,925,381</u></b>
Accounts receivables	10	593,620,698	593,620,702
<b>TOTAL FINANCIAL ASSETS</b>		<b><u>1,411,778,749</u></b>	<b><u>1,118,546,083</u></b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables – Deposits and retentions	11	130,147,143	31,090,996
<b>NET FINANCIAL ASSETS</b>		<b><u>1,281,631,606</u></b>	<b><u>1,087,455,087</u></b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	12	1,087,455,086	1,021,539,610
Prior year adjustment			
Surplus/Deficit for the year		194,176,519	65,915,476
<b>NET FINANCIAL POSSITION</b>		<b><u>1,281,631,605</u></b>	<b><u>1,087,455,086</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The State Department for Social Security and Protection financial statements were approved on 15<sup>th</sup> Dec 2022 and signed by:

  
Principal Secretary  
Joseph M. Motari, MBS

  
Deputy Accountant General  
Alice W. Mwaniki  
ICPAK Member Number: 5425





*State Department for Social Security and Protection*  
*Annual report and financial statements for the year ended June 30, 2022.*

**10. Statement of Cash flow for The Year Ended 30<sup>th</sup> June 2022**

	Notes	2021-2022 KES	2020-2021 KES
<b>Receipts for Operating Income</b>			
Proceeds from Foreign Grants (UNICEF)		-	-
Proceeds from Foreign Grants (DFID)	1	505,000,000	299,778,217
Exchequer Releases	2	34,467,143,853	31,126,369,476
Other Revenues	2.A	161,096,018	89,887,440
		<u>35,133,239,871</u>	<u>31,516,035,133</u>
<b>Payments for Operating Expenses</b>			
Compensation of Employees	4	1,690,819,559	1,521,760,621
Use of goods and services	5	1,585,933,542	1,104,035,346
Transfers to Other Government Units	6	31,864,726,518	28,799,118,269
Social Security Benefits		1,066,491	1,699,410
		<u>35,142,546,111</u>	<u>31,426,613,646</u>
<b>Adjust for</b>			
Changes in receivables		2	51,934,919
Changes in Payables		99,056,147	249,058,324
<b>Net cash flow from operating activities</b>		<b>89,749,910</b>	<b>107,701,918</b>
<b>Acquisition of Assets</b>			
Acquisition of Assets	7	204,999,113	23,506,012
<b>Net cash flows from Investing Activities</b>		<b>204,999,113</b>	<b>23,506,012</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Foreign Borrowings	3	408,481,872	-

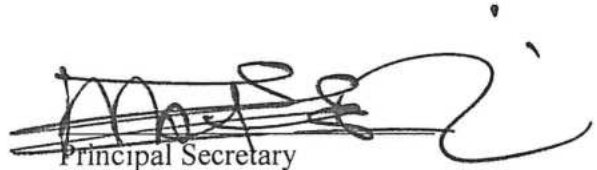


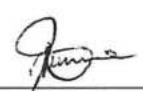
State Department for Social Security and Protection  
 Annual report and financial statements for the year ended June 30, 2022.

**Net cash flow from financing activities**

		-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>293,232,669</b>	<b>131,207,930</b>
Cash and cash equivalent at beginning of the year		524,925,382	656,133,310
Cash and cash equivalent at END of the year	9	<b>818,158,051</b>	<b>524,925,382</b>

The State Department for Social Security and Protection financial statements were approved on 15<sup>th</sup> Dec 2022 and signed by:

  
 Principal Secretary  
 Joseph M. Motari, MBS

  
 Deputy Accountant General  
 Alice W. Mwaniki  
 ICPAK Member Number: 5425

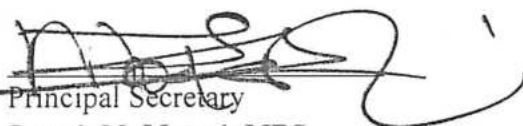



State Department for Social Security and Protection  
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11. Statement of Comparison of Budget and Actual Amounts For Fy2021/22

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	31,613,571,321	3,698,852,508	35,312,423,829	34,467,143,853	845,279,976	98%
Proceeds from Foreign Borrowing(WB)	1,389,500,000	76,300,000	1,313,200,000	408,481,872	904,718,128	31%
Proceeds from Foreign Grants(DFID)	505,000,000	-	505,000,000	505,000,000	-	100%
<b>Other Receipts</b>	60,000,000	20,000,000	80,000,000	161,096,018	81,096,018	201%
	<b>33,568,071,321</b>	<b>3,642,552,508</b>	<b>37,210,623,829</b>	<b>35,541,721,743</b>	<b>1,668,902,086</b>	<b>96%</b>
<b>PAYMENTS</b>						
Compensation of Employees	1,896,961,521	10,904,464	1,886,057,057	1,690,819,559	195,237,498	90%
Use of goods and services	2,154,407,257	316,468,018	2,470,875,275	1,585,933,542	884,941,733	64%
Grants and Transfers to Other Government Units	28,971,923,768	3,547,817,641	32,519,741,409	31,864,726,518	655,014,891	98%
Social Security Benefits	1,109,006	2,904,464	4,013,470	1,066,491	2,946,979	27%
Acquisition of Assets	543,669,769	213,733,151	329,936,618	204,999,113	124,937,505	62%
<b>Total Payments</b>	<b>33,568,071,321</b>	<b>3,642,552,508</b>	<b>37,210,623,829</b>	<b>35,347,545,224</b>	<b>1,863,078,605</b>	<b>96%</b>
<b>Surplus/ Deficit</b>				<b>194,176,519</b>		

The State Department for Social Security and Protection financial statements were approved on 15<sup>th</sup> Dec 2022 and signed by:

  
Principal Secretary  
Joseph M. Motari, MBS

  
Deputy Accountant General  
CPA Alice W. Mwaniki

ICPAK Member Number: 5425

1. The first part of the document discusses the importance of maintaining accurate records of all transactions.

2. It is essential to ensure that all data is entered correctly and that any discrepancies are identified and corrected promptly.

3. The second part of the document outlines the various methods used to collect and analyze data, including surveys, interviews, and focus groups.

4. Each method has its own strengths and weaknesses, and it is important to choose the most appropriate one for the specific research objectives.

5. The third part of the document describes the process of data analysis, which involves identifying patterns, trends, and relationships within the data.

6. This process is often complex and requires the use of statistical software and techniques to ensure accuracy and reliability.

7. The final part of the document discusses the importance of reporting the results of the research in a clear and concise manner.

8. This involves creating a report that summarizes the findings, discusses the implications, and provides recommendations for future research.

9. The report should be written in a professional and objective style, and it should be supported by clear evidence and data.

10. In conclusion, the document emphasizes the importance of a systematic and rigorous approach to research, from data collection to analysis and reporting.

11. By following these guidelines, researchers can ensure that their findings are valid, reliable, and useful for informing decision-making.

12. The document also highlights the need for transparency and honesty in reporting research results, and the importance of acknowledging any limitations or weaknesses.

13. Finally, the document stresses the importance of ongoing communication and collaboration between researchers, as well as with stakeholders and the public.

14. This ensures that the research is relevant, impactful, and that the findings are effectively communicated and understood.

15. The document concludes by reiterating the importance of a strong research design and the need for careful attention to detail throughout the entire process.

16. By adhering to these principles, researchers can maximize the quality and value of their work, and contribute to the advancement of knowledge in their field.

17. The document is intended to serve as a guide for researchers at all levels, and it is hoped that it will be helpful and informative.

18. Thank you for your attention, and please do not hesitate to contact us if you have any questions or comments.

19. We look forward to hearing from you and to continuing our work together.

20. Sincerely,  
[Name]

21. [Title]

22. [Organization]

23. [Address]

24. [City, State, ZIP]

25. [Phone Number]

26. [Email Address]

27. [Website]

28. [Social Media Links]

29. [Additional Information]

30. [Closing Remarks]

31. [Final Signatures]

32. [Page Number]

State Department for Social Security and Protection  
Annual report and financial statements for the year ended June 30, 2022.

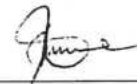
Summary Statement of Appropriation: Recurrent

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	30,425,432,498	3,398,852,508	33,824,285,006	33,202,723,991	621,561,015	98%
Other Receipts	60,000,000	20,000,000	80,000,000	161,096,018	-81,096,018	201%
	<b>30,485,432,498</b>	<b>3,418,852,508</b>	<b>33,904,285,006</b>	<b>33,363,820,009</b>	<b>540,464,997</b>	
<b>PAYMENTS</b>						
Compensation of Employees	1,706,842,021	-10,904,464	1,695,937,557	1,531,784,159	164,153,398	90%
Use of goods and services	1,018,912,544	94,056,036	1,112,968,580	734,994,854	377,973,726	66%
Grants and Transfers to Other Government Units	27,747,700,000	3,337,552,586	31,085,252,586	31,060,746,195	24,506,391	100%
Social Security Benefits	1,109,006	2,904,464	4,013,470	1,066,491	2,946,979	27%
Acquisition of Assets	10,868,927	-4,756,114	6,112,813	5,317,791	795,022	87%
<b>Total Payments</b>	<b>30,485,432,498</b>	<b>3,418,852,508</b>	<b>33,904,285,006</b>	<b>33,333,909,490</b>	<b>570,375,516</b>	
Surplus/ Deficit				<b>29,910,519</b>		

Note: The under receipt and payments was due to lack of exchequer

The State Department for Social Security and Protection financial statements were approved on 15<sup>th</sup> Dec 2022 and signed by:

  
Principal Secretary  
Joseph M. Motari, MBS

  
Deputy Accountant General  
CPA Alice W. Mwaniki  
ICPAK Member Number: 5425







State Department for Social Security and Protection  
Annual report and financial statements for the year ended June 30, 2022.

Summary Statement of Appropriation: Development

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	1,188,138,823	300,000,000	1,488,138,823	1,264,419,862	223,718,961	85%
Proceeds from Foreign Borrowing(WB)	1,389,500,000	-76,300,000	1,313,200,000	408,481,872	904,718,128	31%
Proceeds from Foreign Grants(DFID)	505,000,000	0	505,000,000	505,000,000	0	100%
	<b>3,082,638,823</b>	<b>223,700,000</b>	<b>3,306,338,823</b>	<b>2,177,901,734</b>	<b>1,128,437,089</b>	
<b>PAYMENTS</b>						
Compensation of Employees	190,119,500	0	190,119,500	159,035,400	31,084,100	84%
Use of goods and services	1,135,494,713	222,411,982	1,357,906,695	850,938,689	506,968,006	63%
Grants and Transfers to Other Government Units	1,224,223,768	210,265,055	1,434,488,823	803,980,323	630,508,500	56%
Acquisition of Assets	532,800,842	-208,977,037	323,823,805	199,681,322	124,142,483	62%
<b>Total Payments</b>	<b>3,082,638,823</b>	<b>223,700,000</b>	<b>3,306,338,823</b>	<b>2,013,635,734</b>	<b>1,292,703,089</b>	
Surplus/ Deficit	-	-	-	<b>164,266,001</b>		

Note: The under receipt and payments was due to lack of exchequer  
The State Department for Social Security and Protection financial statements were approved on 15<sup>th</sup> Dec  
2022 and signed by:

  
Principal Secretary  
Joseph M. Motari, CBS

  
Deputy Accountant General  
CPA Alice W. Mwaniki  
ICPAK Member Number: 5425



*State Department for Social Security and Protection  
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**Budget Execution by Programmes And Sub-Programmes**

<b>Programme/Sub-programme</b>	<b>Final Budget</b>	<b>Indicators</b>	<b>Outcomes</b>	<b>Actual on comparable basis</b>	<b>Budget utilization difference</b>
	<b>2021/2022</b>			<b>2021/2022</b>	<b>2021/2022</b>
	<b>Kshs</b>			<b>Kshs</b>	<b>Kshs</b>
<b>Social Development and Children Services</b>	4,414,999,504			3,887,523,682	527,475,822
Social Welfare and vocational rehabilitation	642,066,011			633,846,235	8,219,776
Community Mobilization and development	674,831,698			516,977,967	157,853,731
Child Community Support Services	2,637,537,965			2,282,843,066	354,694,899
Child Rehabilitation and Custody	460,563,830			453,856,415	6,707,416
<b>National Social Safety Net</b>	<b>32,583,430,667</b>			<b>31,259,735,202</b>	<b>1,323,695,465</b>
Social Assistance to Vulnerable Groups	32,583,430,667			31,259,735,202	1,323,695,465
<b>General Administration Planning and Support Services</b>	<b>212,193,658</b>			<b>200,286,339</b>	<b>11,907,319</b>
Policy, Planning and General administrative services	212,193,658			200,286,339	11,907,319
<b>Grand Total</b>	<b>37,210,623,829</b>			<b>35,347,545,224</b>	<b>1,863,078,605</b>



## **12. Notes to the Financial Statement**

The principle accounting policies adopted in the preparation of these financial statements are set out below:

### **1. Statement of compliance and Basis of Preparation**

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

### **2. Reporting Entity**

The financial statements are for the State Department for Social Security and Protection, Senior Citizens Affairs and Special Programmes. The financial statements encompass the reporting entity as specified under Section 81 of the PFM Act 2012 and also comprise of the following development projects implemented by the State Department for Social Security and Protection, Senior Citizens Affairs and Special Programmes:

#### **i. Kenya Social and Economic Inclusion Project**

### **3. Reporting Currency**

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.



**Significant Accounting Policies (Continued)**

**4. Significant Accounting Policies**

The accounting policies set out in this section have been consistently applied by State Department for Social Security and Protection, Senior Citizens Affairs and Special Programmes for all the years presented.

**a) Recognition of Receipts**

The State Department for Social Security and Protection, Senior Citizens Affairs and Special Programmes recognises all receipts from the various sources when the event occurs, and the related cash has been received by the State Department for Social Security and Protection, Senior Citizens Affairs and Special Programmes.

**(i) Transfers from the Exchequer**

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving State Department for Social Security and Protection, Senior Citizens Affairs and Special Programmes.

**(ii) External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners. Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30<sup>th</sup> June 2022, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.





**Significant Accounting Policies (Continued)**

**(iii) Other receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

**b) Recognition of payments**

The Entity recognises all payments when the event occurs, and the related cash has been paid out by the State Department for Social Security and Protection, Senior Citizens Affairs and Special Programmes.

**i) Compensation of Employees**

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

**ii) Use of Goods and Services**

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

**iii) Interest on Borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they are paid for.

**iv) Principal on borrowing**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made.



**Significant Accounting Policies (Continued)**

**v) Acquisition of Fixed Assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained and a summary provided for purposes of consolidation. This summary is disclosed as an annexure xx to the financial statements.

**vi) In-kind contributions**

In-kind contributions are donations that are made to the Entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the State Department for Social Security and Protection, Senior Citizens Affairs and Special Programmes includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

**vii) Third Party Payments**

Included in the receipts and payments, are payments made on its behalf to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties in the statement of receipts and payments as proceeds from foreign borrowings.



**Significant Accounting Policies (Continued)**

**c) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

A bank account register is maintained and a summary provided for purposes of consolidation. This summary is disclosed as an annexure 4 to the financial statements.

**Restriction on Cash**

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2022, this amounted to Kshs 130,147,143.25 compared to Kshs 31,090,966.50 in prior period as indicated on note 11. There were no other restrictions on cash during the year.

**d) Imprests and advances**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or Authority to Incur Expenditure (AIE) holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.



**Significant Accounting Policies (Continued)**

**e) Third party deposits and retention**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted for National Government Ministries and Agencies.

Other liabilities including pending bills are disclosed in the financial statements.

**f) Pending Bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

**g) Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits and retentions, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament in June 2022 for the period 1<sup>st</sup> July 2021 to 30<sup>th</sup> June 2022 as required by Law and there were xx number of supplementary adjustments to the original budget during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements. Government Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers.





**Significant Accounting Policies (Continued)**

**h) Comparative Figures**

Where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**i) Subsequent Events**

There have been no events after the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2022.

**j) Prior Period Adjustment**

During the year, errors that have been corrected are disclosed under note 6 explaining the nature and amounts.

**k) Related Party Transactions**

Related party means parties are related if one party has the ability to:

- a) Control the other party or
- b) Exercise significant influence over the other party in making financial and operational decisions, or if the related party entity and another entity are subject to common control.

Related party transaction is a transfer of resources or obligations between related parties regardless of whether a price is charged.



**Significant Accounting Policies (Continued)**

**l) Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
  - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The State Department for Social Security and Protection, Senior Citizens Affairs and Special Programmes does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.



## NOTES TO THE FINANCIAL STATEMENTS

### 1. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount received in donor currency	Grants received as direct payment*	Total amount in KShs	Column1
				2021/22	2020/21
		USD	KShs	KShs	KShs
DFID	30/06/2022	3,673,007	431,600,000	431,600,000	299,778,217
	31/03/2022	647,838		73,400,000	
<b>Total</b>		<b>4,320,845</b>	<b>431,600,000</b>	<b>505,000,000</b>	<b>299,778,217</b>

### 2. EXCHCHEQUE RELEASES

Description	2021-2022	2020-2021
	KES	KES
Total Exchequer Releases for quarter 1	1,456,147,702	594,231,564
Total Exchequer Releases for quarter 2	2,269,112,445	5,171,126,321
Total Exchequer Releases for quarter 3	10,074,917,909	9,761,852,761
Total Exchequer Releases for quarter 4	20,666,965,797	15,599,158,830
<b>Total</b>	<b>34,467,143,853</b>	<b>31,126,369,476</b>



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**2. A OTHER RECEIPTS**

Description	2021-2022	2020-2021
	KES	KES
A-I-A	161,096,018	89,887,440
<b>Total</b>	<b>161,096,018</b>	<b>89,887,440</b>

**3 PROCEEDS FROM DOMESTIC AND FOREIGN BORROWING**

Name of Donor	Date received	Amount received in donor currency	Grants received as direct payment*	Total amount in KShs	
			KShs	2021/22	2020/21
		EURO	KShs	KShs	KShs
IDA Credit(World Bank)	10-Feb-22	1,617,281	206,869,751	206,869,751	
IDA Credit(World Bank)	24-Jun-22	1,639,536	201,612,121	201,612,121	
IDA Credit(World Bank)	Opening Balance	3,000,000	343,722,900	-	343,722,900
<b>Total</b>		<b>6,256,817</b>	<b>752,204,772</b>	<b>408,481,872</b>	<b>343,722,900</b>

We have confirmed the above amounts with the disbursing entities and attached these confirmations as an Appendix to these financial statements.





#### 4 COMPENSATION OF EMPLOYEES

	2021-2022	2020-2021
	KES	KES
Basic salaries of permanent employees	1,149,286,558	988,454,453
Basic wages of temporary employees	42,000	6,497,400
Personal allowances paid as part of salary	541,491,002	526,808,767
<b>Total</b>	<b>1,690,819,559</b>	<b>1,521,760,620</b>

#### 5 USE OF GOODS AND SERVICES

Description	2021-2022	2020-2021
	KES	KES
Utilities, supplies and services	43,104,830.00	20,370,058.30
Communication, supplies and services	55,175,546.25	17,230,167.20
Domestic travel and subsistence	461,966,152.10	206,510,945.00
Foreign and Domestic travel and subsistence	19,147,143.10	4,877,221.00
Printing, advertising and information supplies & services	71,262,276.50	53,528,354.50
Rentals of produced assets	33,283,046.70	12,739,192.00
Training expenses	29,771,482.95	31,397,633.00
Hospitality supplies and services	215,228,254.00	71,120,159.90
Purchase of Specialized Materials and Supplies	244,901,511.95	197,113,448.50
Office and general supplies and services	35,053,586.75	24,736,182.15
Fuel Oil and Lubricants	54,427,252.25	24,085,370.60



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Other operating expenses	264,935,379.70	382,303,743.90
Routine maintenance – vehicles and other transport equipment	24,780,800.85	9,801,577.70
Routine maintenance – other assets	32,896,279.30	48,221,292.50
<b>Total</b>	<b>1,585,933,542.40</b>	<b>1,104,035,346.25</b>

**6 GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES**

Description	2021-2022	2020-2021
	KES	KES
Current Grants to Government Agencies and other Levels of Government	1,426,572,354.55	865,091,982.45
Capital Grants to Government Agencies and other Levels of Government	246,088,823.00	500,000,000.00
<b>Other Transfers and Emergency Relief</b>		
Scholarships , Educational Benefits and Emergency Reliefs	3,729,921,340.00	405,520,849.00
Other Current Transfers, Grants and Subsidies	26,030,544,000.00	26,728,727,220.00
Other Capital Grants and Trans	431,600,000.00	299,778,217.20
<b>TOTAL</b>	<b>31,864,726,517.55</b>	<b>28,799,118,268.65</b>

The above transfers were made to the following self-reporting entities in the year as follows.



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**SUMMARY OF TRANSFERS**

Description	2021/2022			2020/2021
	RECURRENT	DEVELOPMENT	TOTAL	TOTAL
	KES	KES	KES	KES
Child Welfare Society of Kenya	933,840,000	46,088,823	979,928,823	897,340,000
National Council for Children Services	89,500,000		89,500,000	36,500,000
NATIONAL ASSISTANCE TRUST FUND	20,000,000		20,000,000	15,000,000
Street Family Trust Fund	198,232,355		198,232,355	140,276,026
National Council For Persons with Disabilities	1,475,000,000	200,000,000	1,675,000,000	369,000,000
UNICEF for TA to NICHE	431,600,000		431,600,000	299,778,217
Economic Stimulus			0	34,953,896
Presidential Bursaries and Emergency Reliefs	3,739,921,340		3,739,921,340	405,520,849
Cash Transfers	24,365,980,500	364,563,500	24,730,544,000	26,574,363,280
<b>TOTAL</b>	<b>31,254,074,195</b>	<b>610,652,323</b>	<b>31,864,726,518</b>	<b>28,799,118,268.65</b>



*State Department for Social Security and Protection*  
*Annual report and financial statements for the year ended June 30, 2022.*

We have confirmed these amounts with the recipient entities and attached these confirmations as an Appendix to these financial statements.

**7. SOCIAL SECURITY BENEFIT**

Description	2021-2022	2020-2021
	KES	KES
Social Security Benefits	1,066,491.40	1,699,410.00
<b>TOTAL</b>	<b>1,066,491.40</b>	<b>1,699,410.00</b>

**8 ACQUISITION OF ASSETS**

Description	2021-2022	2020-2021
	KES	KES
Construction of Buildings	0	0
Refurbishment of Buildings	12,798,500.00	2,675,100.00
Purchase of Vehicles and Other Transport Equipment	74,756,976.00	0
Purchase of Household Furniture and Institutional Equipment	1,054,046.00	2,274,006.00
Purchase of Office Furniture and General Equipment	113,633,791.10	16,240,226.00
Purchase of specialized Plants, Equipment and Machinery	2,389,000.00	1,984,180.00
Purchase of ICT Equipment, Software and Other ICT Assets	0	0





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Purchase of Intangible Assets	366,800.00	332,500.00
<b>Total</b>	<b>204,999,113.10</b>	<b>23,506,012.00</b>

9: Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency		2021-2022	2020-2021
	KES		KES	KES
State Department for Social Security and Protection, Central Bank Of Kenya, 1000303212 ,KES	132,795,173.80	Recurrent	132,795,173.80	12,476,573.65
State Department for Social Security and Protection Central Bank of Kenya, 1000303228, KES	2,111,566.45	Develop	2,111,566.45	1,779,867.40
State Department for Social Security and Protection, Central Bank of Kenya, 1000303239 KES	289,655,043.25	Deposit	289,655,043.25	273,512,013.40
Street Families Trust Fund	162,101,296.05	Recurrent	162,101,296.05	
Central Bank of Kenya, KSEIP	174,472,167.90	Project Account-Credit	174,472,167.90	235,837,284.00
Central Bank of Kenya, KSEIP	55,706,700.00	Project Account-Grant	55,706,700.00	
<b>Total</b>	<b>816,841,947.45</b>		<b>816,841,947.45</b>	<b>523,605,738.45</b>

9A: CASH IN HAND

Column1	2021-2022	2020-20212
	KES	KES



State Department for Social Security and Protection  
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Cash in Hand – (KES)	1,316,103.20	1,319,643.20
<b>Total</b>	<b>1,316,103.20</b>	<b>1,319,643.20</b>

Cash in hand has been analyzed as follows:

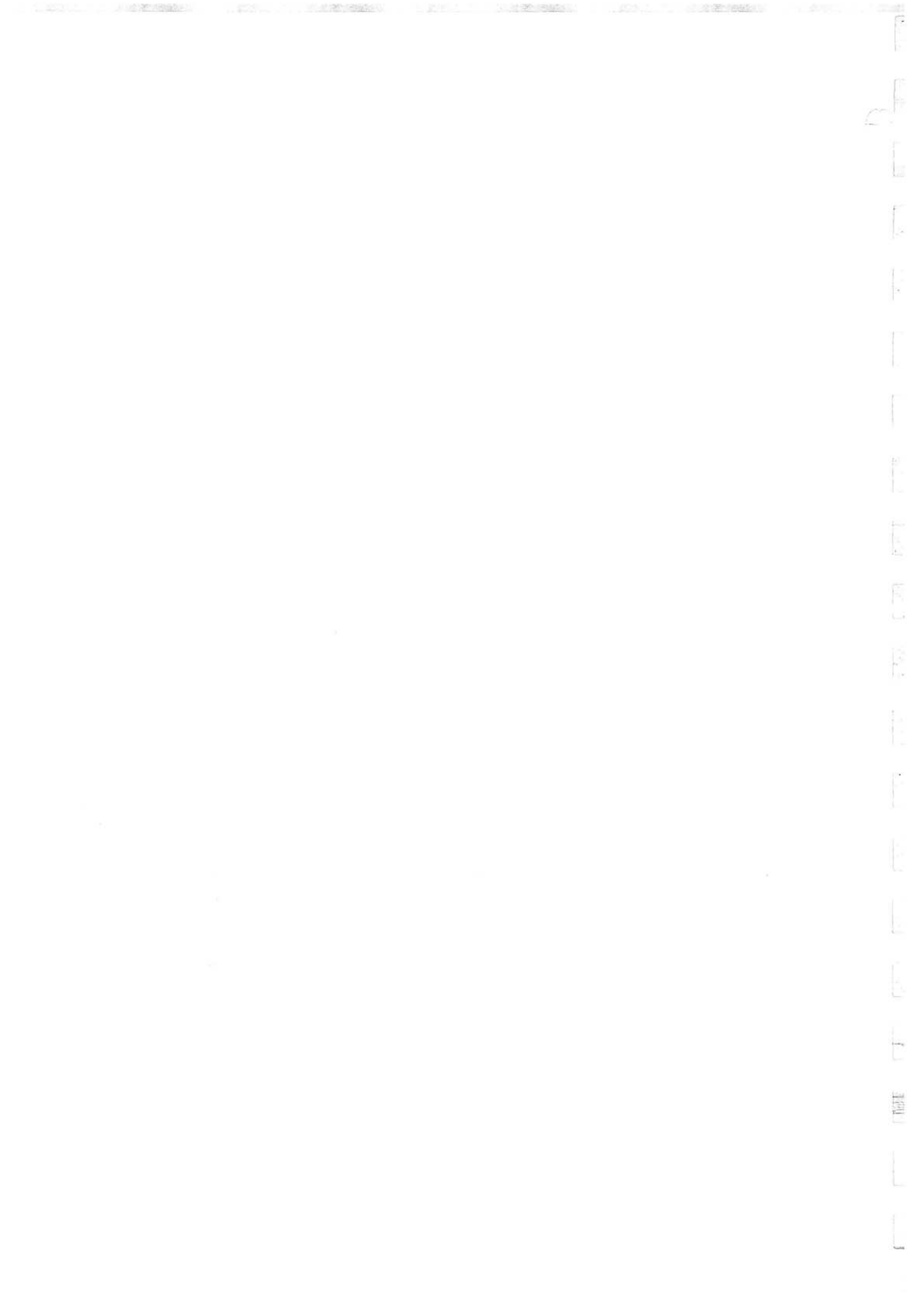
Column1	2021-2022	2020-2021
	KES	KES
Head Quarters Cash Office	1,316,103.20	1,319,643.20
<b>Total</b>	<b>1,316,103.20</b>	<b>1,319,643.20</b>

10: ACCOUNTS RECEIVABLE.

Description	2021-2022	2020-2021
	KES	KES
Prepayments		
General Suspense	593,620,698.10	593,620,698.10
District suspense		
Clearance accounts		
<i>Total</i>	593,620,698.10	593,620,698.10

11.ACCOUNTS PAYABLE

Description	2021-2022	2020-2021
	KES	KES
Deposits	130,147,143.25	273,512,013.40
Other payables		-242,421,046.90



State Department for Social Security and Protection  
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<b>Total</b>	130,147,143.25	31,090,966.50
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**12. FUND BALANCES BROUGHT FORWARD**

Description	2020-2021	2019-2020
	Kshs	Kshs
Opening Balance Bank	523,605,738.45	655,236,966.10
Opening Balance Cash	1,319,643.20	896,343.20
Opening Balance Receivables - Imprest and Clearance Accounts	593,620,698.10	645,555,620.00
Opening Balance - Deposits	-31,090,966.50	-280,149,319.00
<b>TOTAL</b>	<b>1,087,455,113.25</b>	<b>1,021,539,610.30</b>


**12. PROGRESS ON FOLLOW UP OF PRIOR YEARS AUDITOR'S  
RECOMMENDATIONS**


Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:
1497.1	Misclassification of Expenses-Amounts were charged to the wrong items of expenditure accounts	State Department to improve and avoid such occurrence of misclassification of expenses in future more so the State Department will be requesting for Re- allocation of expenditure in case of unforeseen events or where the allocation is not sufficient to avoid such occurrence in future.	Resolved

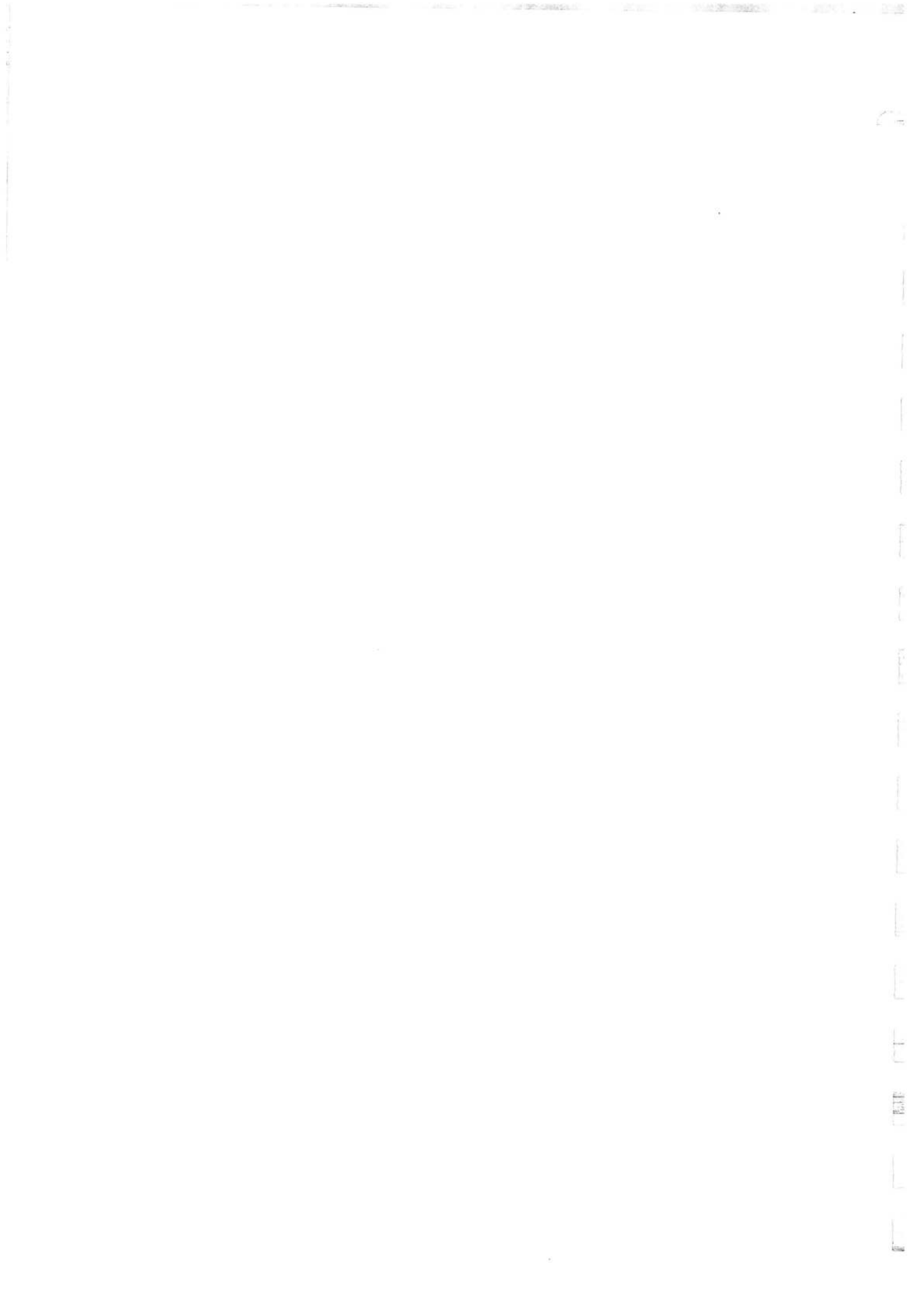
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State Department for Social Security and Protection  
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1497.2	Variances between the Financial Statements and the Integrated Financial Management Information System (IFMIS) Trial Balance	The Variances were explained since the audited financial statement is exact replica of the financial statements produced in IFMIS and therefore there should be no variation, difference in understanding and interpretations of the reports.	Resolved
1498	Unsupported Balance relating to Economic Stimulus which was not supported by necessary documentation such as acknowledgement of receipt and an agreement.	The documents in support of the expenditures has been availed for audit review.	Resolved
1499.1	Lack of Beneficiary Reconciliation reports.	The report was shared as requested and reviewed by the auditors	Resolved
1499.2.	Irregular Payment of Commission as to such the Management did not provide details of beneficiaries whose account balances were in excess of Kshs.16, 000, the basis upon which Kshs.12, 964,522 was paid as commission.	The list of beneficiaries whose account balances were in excess of Kshs.16, 000.00 and who were paid has been shared in soft copy	Resolved

  
Principal Secretary  
Joseph M. Motari, MBS

  
Deputy Accountant General  
Alice W. Mwaniki  
ICPAK Member Number: 5425



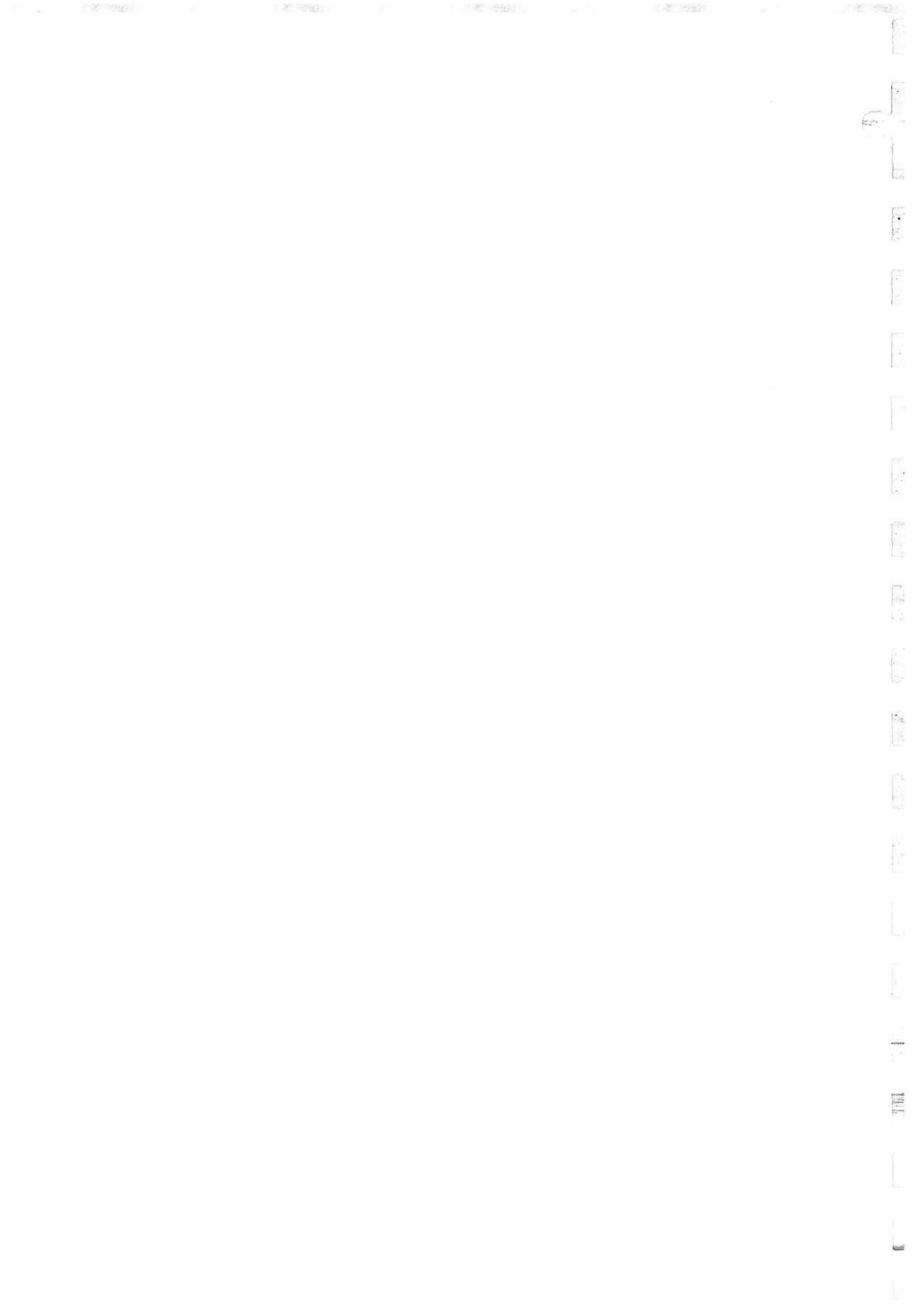


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13.ANNEXES

ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Variance explanation
	a	b	c=a+b	d	e=c-d	f=d/c %	
<b>RECEIPTS</b>							
Exchequer releases	31,613,571,321	3,698,852,508	35,312,423,829	34,467,143,853	845,279,976	98%	
Proceeds from Foreign Borrowing(WB)	1,389,500,000	76,300,000	1,313,200,000	408,481,872	904,718,128	31%	Slow absorption by the project
Proceeds from Foreign Grants(DFID)	505,000,000	-	505,000,000	505,000,000	-	100%	
<b>Other Receipts</b>	60,000,000	20,000,000	80,000,000	161,096,018	81,096,018	201%	
	17,206,514,248	15,528,124,777	32,734,639,025	35,541,721,743	1,218,603,891	96%	
<b>PAYMENTS</b>							
Compensation of Employees	1,896,961,521	10,904,464	1,886,057,057	1,690,819,559	195,237,498	90%	Lack of exchequer
Use of goods and services	2,154,407,257	316,468,018	2,470,875,275	1,585,933,542	884,941,733	64%	slow procurement process
Grants and Transfers to Other Government Units	28,971,923,768	3,547,817,641	32,519,741,409	31,864,726,518	655,014,891	98%	
Social Security Benefits	1,109,006	2,904,464	4,013,470	1,066,491	2,946,979	27%	



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Acquisition of Assets	543,669,769	213,733,151	329,936,618	204,999,113	124,937,505	62%	slow procurement process
<b>Total Payments</b>	<b>33,568,071,321</b>	<b>3,642,552,508</b>	<b>37,210,623,829</b>	<b>35,347,545,224</b>	<b>1,863,078,605</b>	<b>96%</b>	
<b>Surplus/ Deficit</b>				<b>194,176,519</b>			

**ANNEX 2 – LIST OF PROJECTS IMPLEMENTED BY THE STATE DEPARTMENT FOR SOCIAL SECURITY AND PROTECTION**

Ref	Project Name	Principal activity of the project	Accounting Officer	Project consolidated in these financial statements(yes/no)
1	Kenya Social and Economic Inclusion Project-KSEIP	Enhancement of Social Protection in the Country	Principal Secretary Joseph M. Motari - MBS	Yes



#### **ANNEX 5- REPORTS GENERATED FROM IFMIS**

The following financial Reports Generated from IFMIS should be generated and attached as appendices to these financial statements.

- i. GOK IFMIS Comparison Trial Balance
- ii. FO30 (Bank reconciliations) for all bank accounts
- iii. GOK IFMIS Receipts and Payments Statement
- iv. GOK IFMIS Statement of Financial Position
- v. GOK IFMIS Statement of Cash Flows
- vi. GOK IFMIS Notes to the Financial Statements
- vii. GOK IFMIS Statement of Budget Execution
- viii. GOK IFMIS Statement of Deposits
- ix. GOK IFMIS Budget Execution by Programme and Economic Classification
- x. GOK IFMIS Budget Execution by Heads and Programmes



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